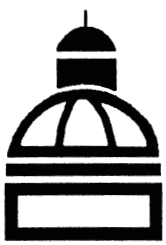
Privatization of Pupil Transportation: A State of the Art Review

State Reorganization Commission

January 31, 1990



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CHAPTER ONE

INTRODUCTION

Pupil Transportation and Privatization

Pupil transportation demands an overwhelming amount of resources. In the United States, 6.3 billion dollars were spent on pupil transportation during fiscal year 1986-87. Approximately 362,000 buses were used to transport 22 million students 3.6 billion miles. In South Carolina, during the same year, 6319 buses transported 438,783 pupils over 67 million miles at a cost of $54 million.[1] Additionally, a recent study of pupil transportation operating costs in South Carolina[2] showed total expenses to be over 66.6 million dollars during the 1987-88 fiscal year.

Statistics also indicate that states vary considerably in how these services are provided. For example, in providing pupil transportation services, some state and local officials have opted to contract out this service. Available statistics indicate that bus ownership by contractors ranged from 0 percent in Alabama, North Carolina, and Nevada during the 1986-87 fiscal year to 98 percent in Hawaii, with New Hampshire contracting 84 percent of pupil transportation services. In South Carolina, 5.63 percent of pupil transportation buses were contractor owned during this time. Across the U.S., contractors provided an average of 29.4 percent of pupil transportation during this year.[3]

The issue of whether it is better for certain services to be performed directly by the public or by a private government source is not a new one. Pupil transportation represents just one other area in which the issue of privatization has surfaced. (In an effort to "maintain rhetorical and analytic symmetry," State Policy Reports has called the shifting of functions to the public "publicization.") There are a considerable number of resources that address the issue of privatization in general. Some are referred to within this document where appropriate. Other materials of a more general nature are included within the Bibliography (pp. 46-50), but not detailed in text.

The literature regarding the privatization of school bus transportation is just beginning to accumulate. Some states, such as Maryland, have examined the involvement of the private sector in providing pupil transportation as early as 1971. In South Carolina, as in much of the South, the issue is just now being examined for the regular transportation of students.

Purpose of Report

Currently in South Carolina, consideration is being given to the possibility of contracting out pupil transportation services. In an effort to determine the relative economy, efficiency, and effectiveness of district-operated vs. privately-operated pupil transportation services, the General Assembly commissioned a study of privatization of student transportation in interested school districts.

Proviso 3.2 of the FY 1989-90 General Appropriation Act authorized the State Reorganization Commission to evaluate and audit pilot projects for school transportation services (See Table 1.1).

TABLE 1.1
Proviso 3.2

3.2 Funds appropriated herein for the State Reorganization Commission may be used for the evaluation and auditing of pilot programs for public school district transportation services. The purpose of these pilot projects is to determine whether such a system is more effective, efficient and economical than existing systems. School districts are authorized to enter into contractual agreements with private contractors for transportation services and the Department of Education is authorized to allocate a fair and equitable portion of State appropriations to school districts for these pilot projects upon the request of a district. The State Budget and Control Board shall have approval authority for the method used by the Department of Education to allocate funds to school districts. Up to six pilot projects may be authorized to begin in FY 1989-1990 and continue for three years. If more than six pilot projects are requested, the Joint School Bus Transportation Study Committee shall select the six to be funded. Each pilot project may be comprised of one or more school districts upon the agreement of the participating districts. School districts participating in pilot projects may grant a waiver to a private contractor from any state transportation regulation provided that the level of passenger safety to be achieved by the regulation is not reduced. Any such waiver must be immediately reported in writing to the Department of Education and the Reorganization Commission.

Any person currently employed by the state or school district in which a pilot project is implemented, who becomes employed by the pilot project contractor, upon termination of the pilot project and his return to district/state employment, shall be eligible to receive state retirement credit for the time worked in the pilot project. The contractor must set aside the employee and employer share of benefits for this purpose. These funds must be held by the Department of Education in state accounts in accordance with state accounting regulations and procedures. State and local government entities involved in any aspect of implementing pilot projects as provided herein, shall cooperate fully with the Reorganization Commission and Joint School Bus Transportation Study Committee in the performance of their prescribed duties.

The Budget and Control Board shall insure that a timely implementation schedule is achieved for the pilot projects authorized herein.

A Concurrent Resolution was also passed whereby the General Assembly affirmed their intent for the State Reorganization Commission and the State Budget and Control Board to take steps to prepare for the implementation and evaluation of the pilot programs involving privately provided pupil transportation services (See Table 1.2).

TABLE 1.2

A CONCURRENT RESOLUTION

DECLARING THAT IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE STATE BUDGET AND CONTROL BOARD AND THE STATE REORGANIZATION COMMISSION INITIATE ALL APPROPRIATE MEASURES TO PREPARE FOR IMPLEMENTATION OF THE PILOT PROGRAMS ON SCHOOL BUS TRANSPORTATION AUTHORIZED IN THE GENERAL APPROPRIATION BILL FOR FISCAL YEAR 1989-90.

Whereas, the General Assembly during the 1988 session created the Joint School Bus Transportation Study Committee to study the management of all school bus transportation with the view of assessing the feasibility of permitting private individuals or contractors to furnish school bus services; and

Whereas, the Joint School Bus Transportation Study Committee determined that pilot projects in up to six school districts beginning in fiscal year 1988-89 to operate a school bus transportation system with a private contractor could be conducted in a manner which will promote the safe transportation of school children more efficiently and with an overall savings to the State; and

Whereas, the General Appropriation Bill for fiscal year 1989-90 contains a provision authorizing and funding the pilot programs and providing for the evaluation and auditing of the pilot programs by the State Reorganization Commission and for the appropriate allocation of funds by the Department of Education upon approval by the State Budget and Control Board; and

Whereas, it is essential that the State Budget and Control Board and the State Reorganization Commission make preparations to implement the pilot programs immediately upon enactment of the General Appropriation Bill for fiscal year 1989-90. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the General Assembly declares that it is the intent of the General Assembly that the State Budget and Control Board and the State Reorganization Commission initiate all appropriate measures to prepare for implementation of the pilot programs on school bus transportation authorized in the General Appropriation Bill for fiscal year 1989-90, which preparations shall include but not be limited to the notification of all school districts of the likely availability of the pilot projects, the development of a timely implementation schedule for the pilot projects, the determination of a method of allocation of funds by the Department of Education to school districts for the pilot projects in an amount to be determined by the Joint School Bus Transportation Study Committee, and the development of criteria for the selection of one or more private companies to conduct the pilot projects.

The purpose of the pilot programs is to determine if private-operators of pupil transportation services are more effective, efficient, and economical than the existing district operated system. Up to six pilot projects were authorized to begin in FY 1989-90 and continue for three years.

Although several school districts expressed interest in participating in the pilot project, no school district opted to pilot the program during the 1989-90 school year. Instead, several other projects are being conducted this fiscal year under the direction of the Joint School Bus Transportation Study Committee and in cooperation with the State Budget and Control Board.

Scope and Method of Review

This review is an attempt to provide a summary of the literature in the area of the privatization of pupil transportation. Some references are made to privatization in other areas, but the focus of the review is on pupil transportation services. A 49-state survey (excluding the State of South Carolina) was conducted to determine the current level of contracting around the nation and the availability of scientific studies comparing the cost of service and safety of private and public pupil transportation services.

The literature reviewed in this document is based on: a search of the scholarly literature available; contact made with over 30 national organizations; the information accumulated from other states in response to the survey; and resources obtained from contractors and government officials who attended the National School Transportation Association Convention (July, 1989) and the National Association of Pupil Transportation Convention (October, 1989).

Following this introduction, South Carolina's pupil transportation system is reviewed to provide a reference point for understanding it in relation to the private operations of student transportation in other states. Transportation systems, both public and private, across the U.S. are then examined (This summary is based on a nation-wide survey of state pupil transportation directors conducted by the State Reorganization Commission). Relevant studies comparing public and private systems of pupil transportation are then reviewed. A chapter devoted to the issue of competitive contracting follows. The review concludes with a summary of some of the legal issues involved in providing pupil transportation.

As with virtually every other debate on the issue of privatization, this review will not provide an answer to the question of who provides the most effective system at the least cost. What the review can provide, however, is insight into the many variables that are involved in arriving at such a decision.

CHAPTER TWO

SCHOOL BUS TRANSPORTATION IN SOUTH CAROLINA

History of Pupil Transportation in SC

In 1981, Cresap, McCormick, and Paget conducted a detailed study of the South Carolina school bus transportation system. As part of their review, they examined the history of the pupil transportation system in the state. They reported:

> Prior to the 1950s, some local school districts in South Carolina (predominately those serving white children) transported students to and from school, while other school districts (predominately those serving black children) offered no transportation services. All school buses were owned by local school districts or contractors. With the emphasis during the early 1950s on "separate, but equal" educational opportunities, quality programs, and services for all children, regardless of race, a dual transportation system delivered on a statewide and centralized basis was designed basically to transport black and white children to their respective schools. During 1951-52, the State purchased all usable school buses from the school districts and contractors and established 2,410 routes to transport 178,598 students to 1,800 school districts.
>
> In 1951, the General Assembly also enacted laws that vested the responsibility for managing, controlling, and financing the dual school bus transportation system with the State Educational Finance Commission. Prior to 1958, the Department of Highway and Public Transportation maintained the school buses; that year, the State Transportation Office offered to build its own maintenance shops and to assume responsibility for the total management of the school bus transportation system, at no additional cost to the State. In this way, the State Transportation Office could ensure that the school buses were maintained uniformly, systematically, and promptly.
>
> With the passage of the Civil Rights Act of 1964, South Carolina integrated its schools, and the dual school bus transportation system was consolidated into one transportation network. The State's public schools were legally integrated by 1970, and today, there are 92 consolidated school districts. In 1966, the General Assembly, by law, transferred the supervisory responsibilities of the school bus transportation system from the State Educational Finance Commission to the State Board of Education.
>
> The school bus transportation system had to adjust once again in 1974 to new federal regulations (in particular, Public Law 94-112), requiring that special education and handicapped children be transported, without cost, to their special programs. In addition, special transportation arrangements were necessary for kindergarten programs, for the vocational education centers, and for the

summer schools - all programs that were developed and expanded during the 1970s.

> Since its origin 30 years ago, the school bus transportation system has grown to become the largest single network in the United States. During 1979-80, the State Legislature allocated $31.8 million for transporting 405,439 students across some 6,148 routes, covering an accumulated distance of 59.1 million miles...

Prior to the 1951-52 school year, South Carolina school districts, in essence, had the responsibility of transporting students. At this time districts received only a small reimbursement from the State. The General Assembly of South Carolina enacted laws in 1951 that placed the finance, management, and control of public school transportation in the State with the State Education Finance Commission. In 1966, the responsibilities of the State Education Finance Commission were transferred to the State Board of Education.[4]

Operation of the Current System

South Carolina is the only state to operate a centralized, statewide school bus transportation program. The pupil transportation system in South Carolina is a joint effort between the State Department of Education and the state's 92 school districts. School districts have the responsibility of selecting and hiring drivers, maintaining discipline on the buses, and defining school bus routes (which are subject to the approval of County Supervisors and the State Transportation Office). The Department of Education is responsible for purchasing and maintaining school buses, training drivers, and operating and supervising maintenance shops.

The pupil transportation program in South Carolina has historically relied on student drivers. Student drivers provided a low-cost pool of drivers that school administrators had greater control over. In the more rural areas of the State, student drivers provided the central mechanism of transportation, while also generating income for many poorer families and continuing a tradition of family school bus drivers. Student drivers also allowed maintenance and fueling of buses on the school grounds while student drivers attended classes, thereby lowering the cost of providing these services.

However, the National Transportation Safety Board recommended that the practice of hiring 16- and 17-year old school bus drivers be stopped. Further, the Labor Department ruled in August 1987 that the State could not use 16- and 17-year old bus drivers. The State subsequently moved to an all-adult bus driver force in the school year 1988-89. During this year, the number of accidents dropped by 14 percent, from 748 to 643. Regarding this, Mr. Carl Garris, head of the education department's transportation division, commented, "Clearly, adults have had an impact. I couldn't pin it all on that. The awareness, the emphasis on safety, is just at a much higher level than it was previously" (The State, 1989, p. 1B).

Meanwhile, the salaries of bus drivers jumped from $14 million to $23 million. Student discipline problems were fewer when adult drivers could be found, but many districts had trouble attracting and keeping drivers and finding substitutes. The State Department of

Education has since approved changes in the State's public school transportation system. These changes are documented in the State Department of Education's "School Bus Transportation Laws and Regulations."

Recommendations of the 1986 Audit

In January 1986, the Legislative Audit Council published the management and operational audit of the South Carolina State Department of Education. In conducting the audit, the Audit Council reviewed the pupil transportation program and made the following five recommendations. (The State Department of Education's response to each recommendation is included in Appendix A.)

(1) The State Department of Education should develop cost standards for the operation and maintenance of school buses. These standards should be used to prepare bus shop budgets and to evaluate the performance of bus shop supervisors.

The State Department of Education should require bus shop supervisors to obtain written approval before exceeding their budgets.

(2) The State Department of Education should allocate school buses so that the age distribution is approximately equal across the state. The Department should also adopt and follow a written policy which specifies criteria for allocating spare school buses.

(3) The State Department of Education should contractually require school districts to reimburse the state for all damages to buses from vandalism and abuse which occur while they are being used by the districts.

(4) The State Department of Education should follow State regulations and ensure that school districts are charged the full cost of using State-owned school buses for extracurricular and summer school activities. These charges should be updated on an annual basis.

(5) The State Department of Education and the Division of General Services should determine if the state could increase revenues by selling surplus school buses through public auction rather than by competitive sealed bidding.

Findings of Recent Studies on SC System

In the past decade, several independent studies have been conducted on various aspects of South Carolina's pupil transportation program. The most recent study, conducted by Coopers and Lybrand (1988), examined the operating costs of South Carolina's program. In 1986, MGT of America studied the potential impact of hiring an all-adult bus driver force. And in 1981, Cresap, McCormick and Paget conducted a comprehensive review of South Carolina's pupil transportation program. These three studies are described in more detail below.

Coopers and Lybrand (1988). At the request of the S.C. House Ways and Means Committee, Coopers and Lybrand calculated the costs at the state and district levels for providing school bus transportation in South Carolina during the period July 1, 1987 to June 30, 1988. A statement of Operating Costs was obtained from the Department of Education, which included both direct and indirect costs incurred at the State and District levels. In addition the annual depreciation expense was calculated on the buses, buildings, and equipment.

The costs were organized by the major cost categories: general administrative, maintenance, training and safety instruction, operations and facilities. These categories were further subdivided into costs such as personnel, supplies, etc. The costs were subsequently reviewed for completeness and accuracy. Operating costs were broken down by State and District Level. The authors state however, that the procedures followed in the study "do not constitute an audit made in accordance with the generally accepted auditing standards," thus reserving judgement on their services.

Total expenses were calculated to be 66,660,310 dollars. The costs within each major category were as follows:

General Administration	2,947,477
Maintenance	16,409,612
Training and Safety	991,719
Operations	45,522,285
Facilities	789,217
	$ 66,660,310

Within these categories, the percentage of major costs were calculated relative to total expenditures.

(1) Salaries were calculated to be 48 percent of the total cost of providing student transportation services and about 51 percent of salary costs were bus drivers' salaries;

(2) Fringe benefits (at the state and district levels) comprise 7 percent of the total costs;

(3) Insurance comprises 8 percent of the total costs of providing bus service;

(4) Supplies and materials comprise 7 percent of the total costs;

(5) Depreciation comprises 14 percent of the total costs;

(6) District expenditures (excluding state payments on bus driver salaries) comprise 16 percent of the total costs; and

(7) Indirect costs (state and district) represent 3 percent of the total costs of providing student transportation services.

To provide a reference point for interpreting the costs of providing pupil transportation in South Carolina, cost per pupil and cost per bus information was obtained from Washington, and cost per mile from Texas. However, there were difficulties comparing costs between states because it was uncertain how these costs were calculated. Therefore, Coopers and Lybrand concluded:

> In our efforts to obtain comparative information from other States, we found it difficult to determine the costs which were included by the various states in calculating the comparative amounts. Based on our difficulty in assuring that the comparative amounts were completed in a comparable manner, we make the following recommendation:
>
> *We believe the most efficient and effective way to determine whether cost savings may be achieved from privatization is to have pilot projects with selected districts* (Note: Emphasis added). We recommend that proposals be requested from potential contractors for the various districts. These proposals should be compared to the cost of the State providing bus services to each of these districts. The cost of the State providing bus services to the District should be based on certain costs allocated from the State level and those costs incurred at the district level. The calculated State cost to provide bus services to the District should be compared to the private contractors' proposal. The acceptance or rejection of the contractor's proposal should be based on this comparison.

MGT of America (1986). After its investigation of an accident in North Carolina in March 1986, the National Transportation Safety Board recommended to North Carolina, South Carolina and Alabama that they discontinue their use of 16 and 17 year old school bus drivers. The South Carolina Department of Education subsequently hired MGT to conduct a study to determine if the minimum age of school bus drivers should be changed, and if the change in the minimum age was implemented, what impact would this have on the transportation system in terms of costs, equipment, etc. Specifically, MGT addressed the following five objectives:

> (1) To determine the most appropriate age or ages of school bus drivers and the work force availability of non-students 18 years of age or older;
>
> (2) To determine the necessary behavior management skills of drivers and the impact of these skills on safe transportation and driver distractions;
>
> (3) To determine the maintenance and security needs resulting from recommended changes;
>
> (4) To determine full cost implications of a change in the minimum age; and
>
> (5) To provide recommendations based on safety and cost effectiveness.

Reviews of existing reports revealed that:

-Percentages of student drivers in South Carolina school districts ranged from 10 percent to 84 percent and had recently reached a high of 75.8 percent statewide. Still there had been a decline in the number of student drivers for the previous five years.

-Of the 25 student deaths related to school bus transportation in the period 1979-80 through 1984-85, seven deaths were caused by the bus driver and five of these buses were driven by students.

-Adult drivers had a one driver at-fault accident for every 15 adult drivers, whereas the student drivers had a one driver at-fault accident for every 9 drivers. In the category of $500 and over accidents, in which there is more risk of injury or death, student drivers average one accident for every 21 drivers, while adult drivers average one for every 48 drivers.

-A move to all adult drivers might lead to changes in how routine maintenance and refueling are performed: Since most buses were left on school grounds during the day when student drivers were in class, each bus could be checked twice a week for maintenance and refueled easily. However, county supervisors and mechanics stated that there was less vandalism and mechanical damage on the buses in the districts which used mostly adult drivers.

Based on these findings, in addition to the responses to the 3000 parent surveys distributed and the site visits at 15 school districts (in which superintendents, transportation supervisors, and several school principals were interviewed), MGT made the following nine recommendations:

(1) By 1989-90, student drivers should not represent more than 10 percent of the driver work force.

(2) Student drivers must be 18 years of age.

(3) Adult drivers should be 21 years of age except former student drivers that wish to continue driving after graduation.

(4) Raise the base hourly wages to $6.00 and pay student drivers the same salary as adults.

(5) Guarantee adult drivers a minimum 4 hour work-day.

(6) Provide some fringe benefits, i.e., 2-3 days sick leave, retirement, health insurance.

(7) Pilot test in 1987-88 the move from a majority of student drivers to 90 percent adult drivers as well as various combinations of compounding, variable school schedules, maintenance and fueling routines, and shuttling drivers during mid-day.

(8) Phase-in the move to 90 percent or more adult drivers over three years, 1988-89 through 1990-91.

(9) If external considerations do not allow for the pilot test in #7 above, begin the phased move to adult drivers in 1987-88, reaching 90 percent adult, non-student drivers by 1989-90.

Cresap, McCormick and Paget (1981). The need for an objective appraisal of South Carolina's school bus transportation program was identified by the State Superintendent of Education and the Deputy Superintendent for the Finance and Operations Division. Cresap, McCormick, and Paget was subsequently commissioned by the State Department of Education to evaluate the efficiency, effectiveness, and accountability of the pupil transportation system and to make recommendations for improving the system. The study focused on organizational structure, management approaches, staffing, bus acquisition and replacement, maintenance, inventory, and other transportation issues such as student bus drivers, safety policies, special transportation issues, and centralization advantages/disadvantages.

In conducting the study, the evaluators reviewed pertinent documents and interviewed a series of persons that included: each staff member in the Transportation Office; the State Superintendent; the Deputy Superintendent for the Finance and Operations Division; and representatives from the State offices on accreditation, vocational education, handicapped programs, and kindergarten education. Five maintenance shops were visited and all related staff were interviewed. This included area and county supervisors, parts managers, shop foremen, mechanics, etc. The State Auditor and selected state legislators and their aides were also interviewed. Finally, the evaluators reviewed other states' transportation policies in addition to companies and associations within the transportation industry.

Based on their research on each of these aspects of South Carolina's pupil transportation program, the following recommendations were made (listed by category):

Organization and Staffing:

Major functions should be consolidated into four functional areas (from the current eight): the Director's Office; Driver Training and Safety; Field Operations; and Maintenance, Inventory, and Purchasing. The latter functional area should be headed by an Assistant Director.

The organization of field operations should be modified to not permit area supervisors to function as county supervisors also (thereby reducing the number of area supervisors from 10 to 6). In addition, county supervisors in small shops should be responsible for two shops.

Staff changes should include a net decrease of five positions, four of which involve the reduction in the number of area supervisors.

Maintenance Operation and Control:

The Transportation Office should conduct a detailed analysis of work load and work assignments for trades worker supervisors and automotive supply managers.
The Transportation Office should expand record-keeping to permit a complete maintenance history on each vehicle that would include the scheduled and nonscheduled maintenance performed, parts used and their cost, labor time and cost, date performed, and odometer readings.

The Transportation Office should examine in detail the feasibility of an automated maintenance and operations record-keeping system.

Parts Management and Inventory Control:

The Transportation Office should retain its manual inventory system because the cost savings to the State of an automated system would be minimal. (The development of guidelines to determine minimum and maximum inventory levels and procedures to ensure implementation would provide many of the same benefits as an automated system.)

To reduce inventory-related costs, the Transportation Office should refine its purchasing and inventory practices by purchasing in bulk, improving the timing of purchases, preparing guidelines for optimal inventory levels, and establishing regional parts depots.

Bus Acquisition and Replacement:

The fundamental school bus replacement policy should be based on a 12-year cycle, the point at which the cost of maintaining a bus (60 passenger) begins to exceed the cost of replacing it.

Actual judgements on individual bus replacement should vary around the 12-year average, thus allowing for earlier replacement of those buses operating inefficiently and continued use of those buses operating efficiently.

Continued effort is required by the Transportation Office in refining the replacement policy and in planning for long-range implementation of the replacement policy.

Transportation needs and plans should be linked to demographic projections, as opposed to the sole use of past purchasing trends, State allocations, and estimations of future requirements.

Conversion to Diesel Buses:

A pilot test of diesel school buses should be undertaken. (It was estimated that $5.3 million could be saved annually by converting to diesel buses.)

The bid process should be reevaluated to allow for the possibility of multi-year bids (with inflation factors built in) and thus, avoid the purchasing of different makes and models each year which add to inventory costs.

Student Drivers and Safety:

The practice of using student drivers should be continued, but with some modifications. For example, in urban or industrialized areas where schools compete with industry for competent student drivers, districts should attempt to stagger school hours and work duties so that adult drivers would become interested in employment with the schools.

The State should continue to place top priority on reducing fatality and accident rates and accident data should be rigorously collected and analyzed.

Relationship of State with Local Districts:

The State should exercise greater authority in soliciting school district cooperation by ensuring that adequate standards are met in the efficiency of routes, the arrangement of school hours, etc.

A priority should be placed on improving routing efficiency, and the State should work with the districts to make sure that they have the necessary skills to analyze routing efficiency.

School bus transportation should be considered an integral part of the school program and should become a part of the educational process for children.

CHAPTER THREE

SCHOOL BUS TRANSPORTATION SYSTEMS IN THE UNITED STATES

As part of a preliminary review of privatization of pupil transportation in the US, the State Reorganization Commission staff conducted a forty-nine (49) state survey of pupil transportation directors (excluding South Carolina). Pupil transportation directors were asked to respond to seven questions relating to the use of private providers of pupil transportation in their respective states. Thirty-one (31) responses were returned by mail. Telephone conversations with eight (8) other state officials brought the total number of responses to thirty-nine (39).

A detailed account of each response is contained in Appendix B. The survey responses provide insight into the advantages and disadvantages of contracting out pupil transportation services. The experiences of those who have experimented with this mode of school bus transportation are given, in addition to the concerns of those officials who have chosen not to go with private providers.

In this chapter, the responses to each question are summarized so that a picture of the nation as a whole can be shown. This picture will provide a context in which to interpret the questions regarding privatization in the state of South Carolina. In addition to providing a summary, representative answers to some questions are given to allow decision makers to see the range in responses to issues surrounding the privatization of pupil transportation.

1. What percentage of school bus transportation in your state is provided by contractors?

Respondents chose to answer this question in several different ways. Therefore, comparisons between responses to this question should be viewed with caution. The calculation of the percentage of contractor-operated pupil transportation services was made in one of several different ways:

(1) the number of contractor owned school buses in the state relative to the total number of school buses;

(2) the number of school districts using contractor services relative to the total number of school districts;

(3) the number of pupils in the state transported by contractors relative to the number of total students transported;

(4) the number of special education students transported by contractors relative to the total number of special education students receiving transportation (Washington, D.C);

(5) the number of miles of service provided by contractors relative to the total number of miles traveled in providing pupil transportation by all carriers (one of the percentages reported by Kansas).

Because the point of reference varies, comparisons can only be made between those states whose reporting is similar. The information to follow provides state-by-state comparisons where possible, recognizing the various frames of reference.

Nine states reported the percentage of contractor provided pupil transportation in the state on the basis of the number of school buses owned by contractors relative to the total number of school buses. These states and their respective percentages of contractor provided pupil transportation are: Delaware (75%), Minnesota (49%), Montana (49%), South Dakota (33%), Indiana (25%), Nebraska (8%), Florida (7%), Ohio (5%), and Georgia (less than 1%).

Six states reported the percentage of contractor provided pupil transportation in terms of the number of districts who use contractor services relative to the total number of districts. These states and their respective percentages of contractor provided student transportation are: New Hampshire (80%), New Jersey (72%), Idaho (20%), Utah (8%), Washington (5%), and Texas (1%).

Most other states did not specify how their reported percentage was calculated, or if specified, represented one of only a few states using the same form of calculation, so further comparisons are meaningless.

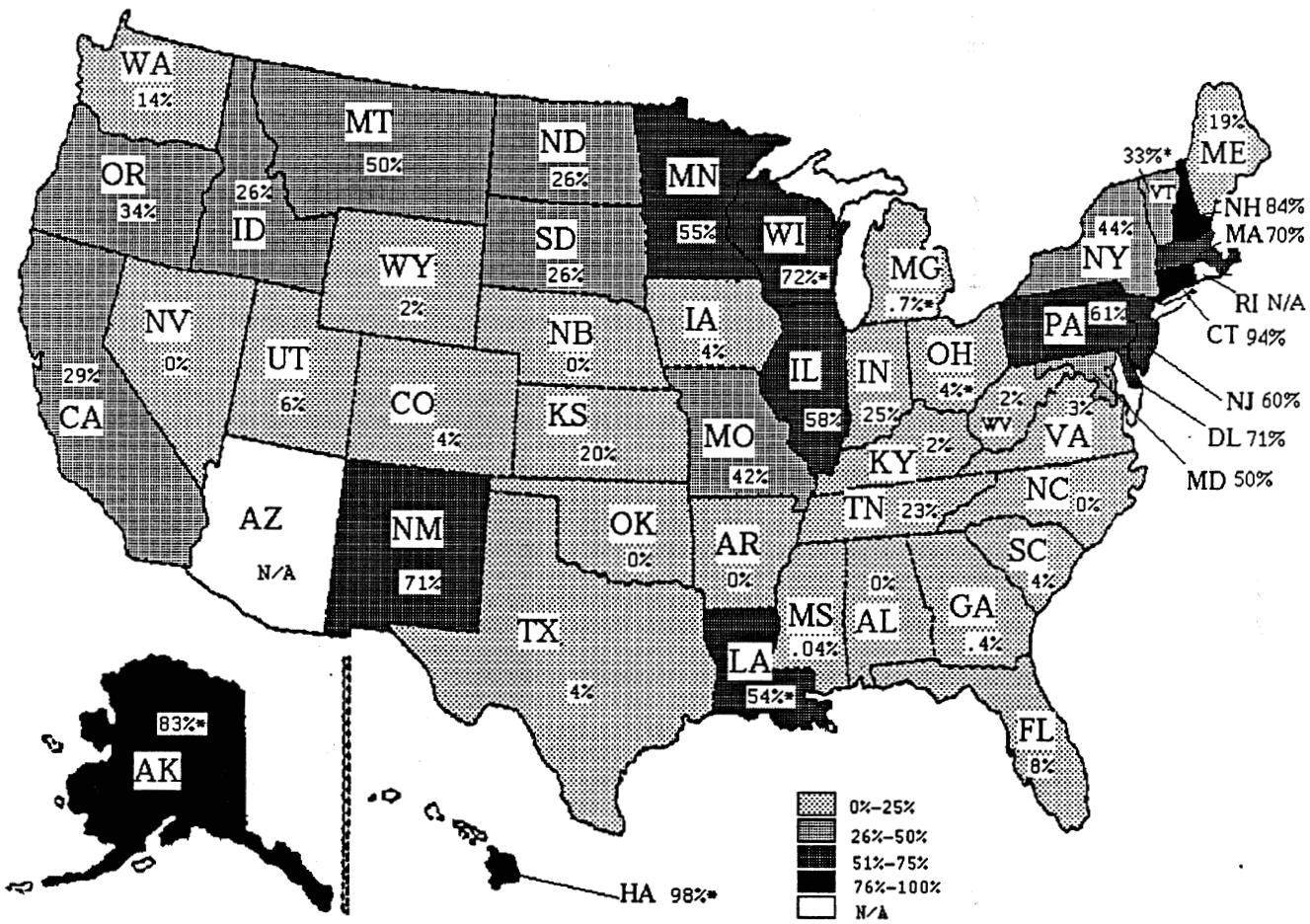
However, the most recently reported statistics on the number of public vs. privately owned school buses in the 50 states were included in School Bus Fleet, in the December 1989 - January 1990 issue. These statistics represent information collected on the 1987-88 school year, but the numbers reported utilize the same scale (the number of school buses owned by contractors and districts in the state). The percentage of school buses owned by contractors in each state can be calculated from these numbers, thus providing a more global picture.

Presumably, the percentage of contractor operations in each state is related to the number of school buses owned by contractors in the state, but this is not always the case. For example, other types of systems may exist whereby buses are owned and maintained by contractors, but the school district operates and manages the pupil transportation system. In other cases, the buses might be owned by the district, but contractors are responsible for hiring, training, and paying drivers.

In Figure 3.1, the percentage of contractor owned buses in each state is listed. Close examination will show the range of utilization of contractor owned buses in pupil transportation, in addition to some regional patterns.

Figure 3.1

PERCENTAGE OF CONTRACTOR OWNED SCHOOL BUSES THROUGHOUT THE U.S.**



*Previous year's data were used to calculate percentages. (Data were prepared by the National Association of State Directors of Pupil Transportation Services and were reported in School Bus Fleet, December 1988 - January 1989).

**Percentages were calculated from the 1987-88 statistics prepared by the National Association of State Directors of Pupil Transportation Services and were reported in School Bus Fleet, December 1989 - January 1990.

2. Why are contractors used in your state? Are they cheaper, more efficient or is it for historical reasons?

Seven respondents cited historical reasons for why contractors were used in the state. For instance, the Oregon pupil transportation director responded: "...Some districts have grown up with contracting and have continued with it...". An equal number of persons stated that contracting allowed districts to avoid "the hassles" associated with providing student transportation.

Costs associated with providing pupil transportation were mentioned by eight of the respondents; some were in favor of contractors, while some were not. Nebraska stated: "It's been my observation that contractors in some places can do the job more cheaply than having the school district purchase their own fleet, maintain their own staff of drivers, and maintain their training program." On the other hand, West Virginia responded, "Our contractors are definitely not cheaper," while Idaho stated that "It is much more expensive to use contractors" and Maine responded, "Generally, although not always, contracting is more expensive." Finally, Delaware responded: "(Private contractors) are no cheaper, nor are they more expensive, because we treat both operations the same."

Respondents also mentioned the cost problems associated with trying to obtain and maintain capital equipment. The Missouri respondent noted that "...districts can place requirements on contractors which might be difficult for a district operated system to meet (equipment age, insurance, driver training, etc.)."

New Mexico, which has 90 percent of its student transportation provided by contractors, stated that they see contracting as encouraging small businesses.

3. What criteria is used for evaluating and comparing service between public and privately provided school bus transportation? Is service evaluated by school districts or the state department of education?

All respondents who addressed the question of responsibility for evaluating pupil transportation stated that this was done at the district level. Delaware did comment, however, that the state monitors the evaluation of transportation, while state level officials in Colorado review contractors and districts for compliance with state standards.

Only eight of the respondents mentioned specific criteria that were used in comparing services between public and private providers. Of these, all mentioned cost as a factor in the comparison. Other factors that were mentioned were: service, efficiency, cost of extracurricular service, and safety.

Utah stated that a formula density factor which compares districts of similar density is used, regardless of whether the service is contracted or not. Washington stated that a problem with cost comparisons is how the costs are calculated for comparison purposes.

4. Have there been any studies or statistics developed on the safety of contractors compared to government run school buses?

Only four studies were mentioned that compared private to public school bus transportation in terms of safety. These were studies conducted in New York, California, Washington, and Indiana (the Heartland study). Several states mentioned that accident rates were kept and either were, or could be, broken down by public or private ownership.

Three states commented on the safety issue. North Dakota stated that "...the records for safety indicate private contractors and district owned buses are the same." Oregon stated that "contractors have a slightly higher incidence of accidents. However, contractors are located in the more metropolitan areas where there is a higher rate of potential for accidents. The difference is insignificant." Finally, Virginia stated: "Generally, accident rates relate more to population/pupil density and quality of drivers."

5. Have there been any studies or statistics developed comparing the cost of service between public and privately provided school bus transportation?

Again, the studies in New York, California, Washington, and Indiana (the Heartland study) were cited. Additionally, a study conducted in Norfolk, Virginia and the Grimes Report in Delaware were mentioned. Maryland and Missouri stated that statistics were kept, while several other states interpreted the statistics on file. For example, Virginia stated: "Numerous limited comparative assessments have been prepared by this agency in support of local school districts... The most extensive and intensive comparative study was performed by Norfolk several years ago. The most prevalent result of all of these reviews was that, generally, the cost of the contract service was 50 to 100% higher than the school board operation." North Dakota stated, "Reports to the State indicate that it costs more with private contractors than district owned fleets."

However, two states again commented on the problems with cost comparisons. New York stated that "informal statistics are sometimes developed, but not used for comparison purposes, since the statistics are not fair representations." South Dakota stated that "there is not much consistency nationwide in how costs are compared or with the cost variables used."

6. Does the state department of education have any model contracts or guidelines for the districts to use in contracting out transportation services?

Several states mentioned that they had model contracts: Montana, New York, North Carolina, North Dakota, Kentucky, New Jersey, and Indiana. Idaho has a form that districts must use. Two states, Ohio and Utah, stated that the school districts are responsible for their own.

Three respondents commented that the districts must go through state offices. New Mexico stated that all contracts go through the department of education office and are

monitored by the department of education. Oregon stated that "each school district can submit contracts to DOE for review, but it is not mandatory and the DOE's role is primarily advisory." Finally, Delaware stated, "This past fiscal year, we had legislation included in the state budget which called for each district Board of Education to update their private contractor selection guidelines and submit them in final form to the State Board of Education. They were reviewed by a committee which included our Deputy Attorney General to make sure that they complied with the law."

7. Do you have any other comments concerning the contracting of school bus transportation (i.e. efficiency, impact on unionization, problems resulting, etc.)?

In response, several states argued in favor of school districts directly providing pupil transportation services, while several other states offered positive comments about contractor provided services. Without commenting on each, those in favor of school districts providing transportation services offered these types of remarks:

(1) "I feel you have less confusion, better control, and less problems if the transportation is provided by the local DOE" (Alabama);
(2) "The contractor lowered the cost to obtain the contract, and escalated cost when renewal was eminent" (District of Columbia);
(3) "The only area where a contractor will be able to operate for less than the local school system or the state is in the area of personnel. Of course, one must keep in mind a reasonable profit must be made" (Georgia);
(4) "Ten years ago, most schools contracted for service with private owner-operators. In ten years, the trend has reversed" (Indiana);
(5) "Generally, I have found contracting pupil transportation services to be more costly than district operated" (Utah).

Positive comments offered about privately provided pupil transportation services included:

(1) "We are quite pleased with the mix of school district/contractor operations. Over the past five or six years, a few districts have changed from one system to the other. These changes have gone both ways" (Minnesota);
(2) "Contracting has presented few problems..." (Nebraska);
(3) When problems arise, "the contractors are easier to deal with because you can talk directly to them and you do not have to go through the red tape of a school district" (New Hampshire);
(4) "School districts in NY have received efficient and economical transportation from private contractors" (New York).

CHAPTER FOUR

SCHOOL BUS TRANSPORTATION STUDIES

Overview

The key variable in comparisons of public versus private transportation is cost. A recurrent complaint among the private sector is that direct comparisons between public and private costs in providing services are inadequate. Specifically, the costs included in the calculations differ for public and private providers. Ernst and Whinney (1987) has prepared a workbook that provides step-by-step procedures for estimating district costs in pupil transportation and for comparing these costs to contractor costs.

When comparing public and private costs, adjustments are typically made to district costs (to enable comparisons to contractor costs). These adjustments might involve including the following variables in the cost equation: property taxes, fuel taxes, conversion costs, asset disposal costs, oversight costs, registration fees, licensing fees, depreciation, interest, facility storage fees, and opportunity costs. While it is true that most of these variables are often not included in the calculation of district costs but are in the calculation of contractor costs, caution should be used in determining the precise methods used to put the two systems on the same level. In an effort to avoid "comparing apples to oranges," adjustments are frequently made to the data and factors are included as cost components that, in some cases, may still give the comparison of "apples to oranges."

This chapter summarizes research comparing public and private pupil transportation services. Four of the studies reviewed were conducted by government agencies: Delaware (1987), Indiana (1975), New York (1986), and Washington (1987). Three other studies were conducted by consultants under the direction of government agencies/committees: Maryland (1971), Maryland (1978), and San Diego (1981). One study reviewed was conducted by a consultant under the direction of contractors: Washington (1986). Finally, several studies are reviewed that appeared in the scholarly literature: Bails (1979), Florestano and Gordon (1980), McGuire and Vann Cott (1984), and McGuire, Ohsfeldt, and Vann Cott (1987). All of the reviews appear below in the order cited above.

Government Studies

Delaware (1987)

The 1987 report prepared by the Task Force on Education Finance included an analysis of the relative costs of public and private pupil transportation. Of the 1274 school buses, approximately three-fourths were contractor owned and operated (some being small contract systems with only a few buses while others were considerably larger). The comparison of the two systems focused on the amount of State funds allocated to the districts for each type of service. The formulas used were updated annually and approved by the General Assembly.

The formulas vary for (1) contractor vs. district buses, (2) geographic area, (3) bus capacity, and (4) mileage for routes (assume minimum route mileage of 30 miles). Typical formulas are shown for both district operations and contract operations. The authors comment, "It appears that the transportation formulas are designed to provide a modest profit to the small contract operators and for district operations to break even. Contract operations for the larger bus fleets are more profitable, due to such factors as economies of scale in purchase of buses and in handling maintenance functions" (Task Force on Education Finance, 1987, p. 31).

The Task Force recommended that: (1) separate formulas be established for gasoline engines buses and diesel engine buses, (2) the method of determining the "bus allowance" for formulas for the contract buses be revised, (3) a "return on investment" element for contract formulas be established so that the source of a contractor's profit can be recognized, (4) the State consider "self-insuring" contractor buses since the insurance allowance for contractor buses had increased by 73 percent in two years, (5) a central maintenance operation be established for four large school districts where major repairs and scheduled maintenance would be handled, while minor repairs would remain with each district (most of the district owned buses were operated in four districts) and (6) reevaluate the rationale for providing transportation of students to private schools in the state.

Indiana (1975)

In a study conducted on Indiana's school transportation system, several problems were addressed that ranged from increasing costs, unequal services, and an inadequate allocation formula. In this study, transportation costs were separated by ownership of buses in the 1972-73 school year. It was found that the cost of transportation was $52.87 per transported pupil for operations run by school "corporations." On the other hand, the cost for contract systems averaged $85.47 per pupil transported. Finally, school districts that provided a mix of public and private bus ownership averaged $72.27 per transported pupil.

The costs of public and private pupil transportation were also compared on the basis of density. Theoretically, the more densely populated areas should have lower costs per pupil, and in this study, school corporations had a relatively greater density. Transportation systems were divided at the density median to examine the impact of density on costs. The costs of transportation in districts with both public and private systems were lower than costs in contracted districts, but higher than in the districts with corporation owned buses. The results showed contract systems to have higher mean costs regardless of density. The data are shown below:

	Private	Public	Mixed
Mean Cost Per Year Per Transported Pupil			
Below 16.5	$91.05	$58.10	$81.49
Above 16.5	$71.67	$48.87	$64.76

Finally, the figures were not adjusted for bus depreciation. The cost figures used included depreciation of buses for contractors, but not for publicly owned buses. It was estimated that bus depreciation would fall between $8 to $15 per pupil. When this was factored in to the mean cost difference per pupil between the two systems, bus depreciation would account for less than one-half the cost difference between public and private systems.

New York (1986)

This study was requested by the Regents Task Force on Education and Economic Development to examine costs of pupil transportation and make recommendations to the New York legislature. Pupil transportation systems in the eight states with the largest 1980 public school enrollments (assumed to be more similar to New York State in terms of needs and problems) were studied. These states were: California, Florida, Michigan, New Jersey, New York, Ohio, Pennsylvania, and Texas. Data on students transported on public transit systems (e.g., in New York City) were excluded.

Factors hypothesized as impacting transportation costs were examined: the scope of state mandates, the extent of the transportation system, public vs. private ownership of buses, and state reimbursement policies.

The data for the study were pulled from three sources:

(1) Statistics on School Transportation, 1981-82, prepared by the National Association of State Directors of Pupil Transportation Services;
(2) *The Digest of Education Statistics*, 1983-84, published by the National Center for Education Statistics, US Dept. of Education;
(3) Survey information, collected specifically for the study.

It was found that the "higher transportation cost per pupil was associated with more transportation mandates, more frequent use of smaller buses, greater miles traveled per pupil, and larger nonpublic school transportation systems. Lower cost per pupil was related to larger numbers of pupils transported, larger numbers of pupils transported per bus, larger percentages of district-owned versus private contractor transportation fleets, and the use of formula mechanisms that limited spending and encouraged efficiency in state transportation reimbursement." In this study, no relationship was found for cost per transported pupil and the number of expenditure items allowed state reimbursement. Finally, there was no relationship between cost and whether states had a means in the state reimbursement formula to control spending.

Recommendations included "reducing miles traveled per pupil and increasing efficient use of transportation resources through regional transportation systems and maintenance, computerized routing, the location of transportation facilities, and the elimination of the bus capacity calculation for determinations of state aid on new buses. Other recommendations included reducing cost by eliminating state aid on premiums paid for collision insurance, requiring periodic audits of private contractor accounts for school transportation, and requiring public disclosure of cost per mile information of public versus privately owned transportation systems."

Transportation costs ranged from $198 per pupil in Ohio to $381 per pupil in California using 1981-82 cost data (but there were major differences in expenditure items between the eight states). State aid ranged from 40 percent in Michigan to 78 percent in Texas.

Of central concern was the comparison in costs of public vs. private pupil transportation. The eight states in the study varied considerably in the amount of public vs. private pupil transportation, with 33.3 percent in Pennsylvania to 99.8 percent in Texas. Comparing costs per transported pupil in the three states with the highest percentage of district owned buses (Texas, Ohio, and Michigan) with the three states with the lowest percentages of district fleets (Pennsylvania, New York, and New Jersey) showed a large difference in the costs of the two systems: $201 per pupil in district owned systems vs. $290 in contracted systems, a 44 percent difference in costs. The authors warn, "It may be, however, that costs differences are due more to factors such as state mandates and types of services provided, than to whether the service provided is public or private."

Washington (1987)

Claims surrounding the rising cost of contracted pupil transportation in comparison to district provided pupil transportation led to a request of the State of Washington's Legislative Budget Committee (LBC) to study the school bus transportation system. In addition, the Legislative Budget Committee asked the LBC staff to study the report prepared by the consulting firm School Services for Tomorrow that was commissioned by contractors (see Washington, 1986).

The School Services for Tomorrow report concluded that although district costs were less than contractor costs when operating costs only are considered, contractor costs were less than district costs when the bus additions and replacements were included as part of the total costs of providing pupil transportation. The LBC staff reported four problems in their analysis of the consultant's report:

(1) Use of inconsistent and inaccurate accounting system data;
(2) Reporting of costs on a cost-per-mile basis, which reflects geographical influences and has little connection with program costs or cost effectiveness;
(3) No procedure for annualizing capital costs of school buses and obtaining comparable data between contracted and district-operated programs; and
(4) Over-statement of the number of obsolete buses in district-operated programs.

In the Legislative Budget Committee's report, original data were collected on the costs of pupil transportation operations in all Washington school districts that contract for pupil transportation. These 13 districts that provided school bus transportation through private carriers were compared to 13 districts that provided these services directly. The data on district operated programs, however, had previously been collected by the financial audit staff of the Superintendent of Public Instruction; the district data represented a sample of state programs varying in fleet size and geography. Although a number of school districts contracted with public transit systems, these contracts were not considered in their analysis.

In the state accounting system, operating costs were separated from capital costs for districts providing pupil transportation directly, but this distinction was not made for contracting districts. Data collected on contracting districts then, had to be adjusted in order to draw comparisons between district operated and contractor operated pupil transportation costs. The operating costs that were reported were shown in terms of cost per hour versus cost per mile.

The results of the study showed:

(1) The contracting districts had an average cost rate of $27.17 per hour, 13 percent higher than the average cost rate in district-operated programs of $24.12. Although in some areas, contract rates were competitive with the district, most contracting districts had higher costs per hour. In districts where costs were high, excessive costs were found to be the result of bus repairs, maintenance and inefficient utilization of bus drivers.

(2) The district operated programs transported more students per hour, or in other words the fleet productivity was higher in district-operated programs (once the data were adjusted for fleet size and operating time per day).

(3) Although some contract operations compared favorably with district operations, most district operations ranked better in terms of cost effectiveness. The cost effectiveness measure was arrived at by combining the two measures (#1 and #2 above) of cost rates and productivity to give cost per hour per student.

(4) With regard to special transportation, contractor operations were cost competitive with district operations, and no differences were found in productivity and cost effectiveness between the two systems.

(5) District cost trends before and after contracting showed a 27-29 percent increase in three of the five districts examined, an 11 percent increase in a fourth district, and a five percent decline in the fifth district. To make the comparison, inflation and capital costs were removed and all expenditures were converted to 1985-86 dollars. The increase in costs were related to an increased number of buses, etc., hypothesized to occur because the constraints to purchase buses are removed in a contract setting.

(6) Although most districts solicit competitive bids, there was limited competition among the three vendors which "usually does not produce significant decreases in contract costs." It was recommended that at least once every five years, school districts be required to participate in an open competitive process.

(7) In Washington, only contractor-operated programs were allowed leased bus depreciation allowances, so school districts were contracting to avoid the large capital costs of purchasing school buses. It was recommended that the option of allowing school districts to lease buses be examined.

(8) A number of problems with contract management were found: Districts did not take advantage of the competitive process to improve efficiency and lower costs, and contractors did not compete on the basis of trying to provide better routing and scheduling. Also, contract provisions were not enforced, and errors were noted in contract bills amounting to over $62,000.

Consultant Research - Government Oversight

Maryland (1971)

As early as 1969, the Governor of Maryland commissioned a study to compare public and private ownership and operation of pupil transportation services. At the time, three separate systems for providing pupil transportation services were operating: totally publicly owned (with the exception of handicapped students), totally privately owned, and some with both publicly and privately owned buses. It was stated in the report that "...there exists honest differences of opinion over the issue of public versus private ownership of school buses." The 15 member Commission was composed of state legislators, state and local education officials, and "private bus contractor interests." The Commission held five public sessions, but was still unable to make a definitive statement regarding which type of system was superior and therefore, recommended an in-depth study by an independent and impartial consulting firm.

The specifications for the study included the assessment of direct and indirect costs, consideration of costs unique to public school transportation, evaluation of the philosophies and practices of each system, and an examination of the state reimbursement formula. The consulting firm, Arthur D. Little, Inc., found that: (1)"public ownership is not uniformly more economical throughout the State, and the economic advantage of one approach versus another is so narrow, i.e., less than 5% in some cases, it might better be disregarded as immaterial..." and (2) "neither form of ownership has an advantage over the other in the development and maintenance of safety standards."

Based on these and other findings, the Governor's Committee recommended that ..."each of the twenty-four local school systems should make its own determination as to a public or private system..." Nine other specific recommendations were made that were in line with this general position on ownership. Some of these included: the development of a uniform statewide contract to be used in contracting out for services; reimbursement under the State formula applied equally to both public and private pupil transportation systems, while moving toward a local sharing of costs; the study of computer-assisted routing and scheduling; the appointment of a Public School Transportation Liaison Committee that included representatives from the Department of Motor Vehicles, State Department of Education, local level administration, contractors, local school board members, and the State Police.

Maryland (1978)

The Department of Education requested a study of the estimated and actual costs of providing transportation for public school students, that included both publicly and privately owned systems. At the time, 20 of the 24 Local Education Agencies (LEA's) were either entirely or primarily dependent on private contractors, although the number of vehicles owned and the number of miles traveled by private providers amounted to only 50% of the state total.

The criteria used in selecting the study sample were:

1. Location (urban, suburban, rural);
2. Size of LEA and contractor-owned bus fleet;
3. Public vs. private transportation;
4. Adequacy of accounting system to segregate costs;
5. Willingness of contractor to participate in review.

Six contractors were subsequently selected, representing four areas of the state and two counties. A financial statement and/or Form 1040-Schedule C Income Tax Return of each contractor was analyzed. For the districts, the 1977-78 financial report submitted to the Department of Education was examined for costs.

Based on this analysis, the following five recommendations were made:

(1) The formula guidelines should be clarified to provide specific identification of necessary reimbursable expenses by formula category.

(2) ... Counties should be advised to specify the provision of for profit or return on investment to private contractors providing school bus transportation services.

(3) A more extensive study should be performed by each county to determine what constitutes a fair reimbursement to the private contractors in their county.

(4) The Maryland State Department of Education should assist counties and the contractors in establishing cost accounting standards with the School Bus Contractors Association so as to provide a basis for periodic review of the formula reimbursement rates.

(5) The Maryland State Department of Education should examine the reimbursement policy of publicly owned systems to determine whether recognition should be given for differences between amounts allowed under the formula guidelines and amounts actually paid within a specific employment market.

San Diego Unified School District (1981)

In this study, the cost of providing pupil transportation services by the San Diego Unified School District was compared to the cost of pupil transportation services provided by four, private carriers. All costs related to providing pupil transportation services by public and private providers were to be identified. However, all cost information was not available, so a

"cost analysis methodology" was developed which allowed for "the use of available information that realistically reflects the cost to the district of pupil transportation services" and allowed for comparisons between public and private providers of pupil transportation services to be made.

Carrier bid rates for routes were compared to "built up" district costs for the 1979-80 year. Carrier bid rates were taken from "bid schedules" submitted to the district for the 1979-80 school year. District costs were figured from financial records and staff interviews, and were generated or "built up" using a five step process.

District and carrier costs for providing pupil transportation services were compared by vehicle type and by single and double run categories, for both the lowest and highest costs. The costs per route were:

Vehicle Type	Single Run		Double Run	
	Low Cost	High Cost	Low Cost	High Costs
TYPE A				
District	$ 55.02	$ 62.70	$ 83.92	$ 99.18
Carriers	$ 79.00	$ 89.00	$110.00	$143.00
TYPE B				
District	$ 58.07	$ 99.18	$ 89.13	$103.68
Carriers	$ 82.50	$117.00	$110.00	$145.00
TYPE C				
District	$ 61.83	$ 72.02	$ 84.92	$105.29
Carriers	$ 80.00	$ 94.00	$110.00	$129.75
Type II				
District	$ 54.78	$ 56.53	$ 85.63	$ 88.10
Carriers	$ 60.00	$ 62.00	$ 82.00	$ 84.00

Results showed that the district costs were consistently lower than the carriers for both single and double runs in the categories of Type A buses (20-57 passengers), Type B buses (55-69), and Type C buses (70-85 passengers). Type II buses (10-15 passenger vans), on the other hand, showed a slightly different pattern. For regular service bids, the district was consistently lower for single runs, and the carrier was consistently lower for double runs. Using the bid matrix procedure, however, showed district costs to be much lower for short trips, with district and carrier costs being more similar as the trip length increased.

Cost per actual route mile was also compared between the district and carriers. Cost per actual route mile declined for both the district and carriers as the mileage increased. However, district costs still remained lower than the bid costs of the carriers. This was true for all four types of vehicles.

The authors suggested that in addition to the directly attributable costs included in the cost analysis, consideration should be given to other expenses when private and public comparisons are made. Three such items mentioned were the cost of capital, liquidated damages, and taxes. Concern with the cost of capital centered on the practice of allowing the district to purchase school buses without having to borrow funds from a private lending source, whereas contractors must borrow these funds at "ever increasing interest rates." Costs of capital were calculated using the procedures described in the "Office of Management and Budget's Cost Comparison Handbook: Supplement No. 1 to the OMB Circular No. A-76" (March 1979), the federal guide designed for comparing costs between public and private services. It was further suggested by the authors that this practice presents a cost to the general economy. After factoring in the cost of capital, it was reported that the district and carrier costs were more comparable.

With regard to liquidated damages, the monetary penalties were paid by contractors if they failed to operate on schedule, whereas districts were not charged a penalty. Factoring in this cost for the district, and excluding the cost of capital, the district's cost remained below the carriers. Finally, the district was exempt from many taxes that contractors were required to pay (e.g., state and federal income taxes, property taxes, etc.). These factors were considered to reduce the differences in costs between the public and private providers of transportation.

Based on their findings, the following was recommended:

(1) The district should pursue "an approach which distributes service among several providers (district and contractor) so as to decrease dependence on any single source."

(2) "A legislative change should be sought to permit the district to restrict the amount of service provided by any one contractor to one third of the total contracted service."

(3) "...Guidelines should be developed which would limit the share of service held by any single contractor to about 20 to 25 percent of each type of service..."

(4) The district should consider acquiring additional vehicles, "which could then be contracted out for all operational and management to be provided, but ownership could stay with the District so that operational control could be assumed if service were disrupted."

Also examined in this study were potential areas in which cooperative efforts between the District and the contractors could reduce pupil transportation costs. This arrangement was being implemented in the purchasing of fuel. Districts purchased fuel in bulk and notified the supplier when contractors needed to resupply (typically monthly). Consideration in this study was being given to purchasing tires, vehicles, and parts; sharing maintenance facilities or personnel; and administration. Recommendations related to cooperative efforts included a request that the Districts consider extending liability coverage to carriers which have a safety rating (California Highway Patrol rating) equal to that of the District.

Consultant Research - Contractor Oversight

Washington (1986)

The three major school bus contractors in Washington hired the consulting firm of School Services for Tomorrow to study the State's records of the 1984-85 school term to determine if district provided transportation was less expensive than contractor transportation. Three groups, consisting of 13 districts each, were compared. The first group represented the 13 districts the State used to compute revenue levels for operation reimbursements. The second group represented 13 districts that contract for their services. The third group contained 13 districts that were deemed to be more representative of populated areas; these districts were in the Puget Sound area. The three groups were compared on operational costs and total costs (which included school bus additions and replacements).

The first group (used by the State in their computations) showed operating costs, calculated in costs per mile, to be less than the contracted group or the group representing a heavily populated area, while the latter group was less efficient than the contracted group.

Contractors maintained that they were more competitive when the costs of replacing buses were taken into account. In line, the costs for bus additions and replacements were added to the total costs of operating school transportation services, and comparisons were made between groups. When this was done, the contractor's operating costs were less than the other two groups, while the group representing the heavily populated area cost the most to operate.

Comparisons were made with regard to the percentage of obsolete buses (reflecting future expenditures). The districts in the Puget Sound area, representing heavily populated districts, operated the most obsolete fleet, while the contractors operated the most modern.

The groups were also compared on the percentage of buses that met the Federal Motor Vehicle Safety Standards. The districts that contracted out showed a higher percentage of buses that met the federal standards than the other two groups.

Thus, for operations alone, the State sample provided school bus transportation at less cost. However, when bus additions and replacement were factored into the total costs of operations, the districts that contracted out their school transportation services operated at less cost.

Scholarly Research

Bails (1979)

A regression equation was developed for per capita expenditures on pupil transportation. The procedure allowed for a comparison between expenditures in states in which pupil transportation is provided by public or private sources. Three states that utilized contracting services for pupil transportation were selected: South Dakota, New Mexico, and Minnesota. Three states selected as representative of district owned were Oregon, Missouri, and Kansas. (There was no mention of how or why these six states were selected).

The variables used in the analysis included: per pupil assessed valuation of taxable property (used to measure the budget constraint and exploitable tax base), pupils per square mile (to account for variation in county size and population), percentage of the population that is urban and percentage of the population that is nonwhite (to reflect demand for governmental services), average salary level for government employees (to account for differences in factor price levels across counties), intergovernmental transfer of revenue to the school districts in the county (to control for variations due to access to other revenue sources), and the number of school districts in the county (to control for budgetary consequences of competing school districts).

Bails concluded that "if the school districts which use contracting do indeed have lower pupil transportation expenditures, the tax base which is exploited should be lower. The negative sign on the (regression) coefficient supports this presumption. Further, it is hypothesized that school districts which contract out for transportation services are likely to be smaller and more homogenous. The negative sign on pupil density supports this hypothesis. Finally, if self-production of transportation services leads to higher expenditures, state aid should be higher. The negative sign on state aid implies that contracting school districts receive less, thus supporting the hypothesis." Bails also estimated what spending levels would be in the absence of an institutional difference. He found that in 168 of 255 non-contracting counties, expenditures would have declined if they had utilized contracting.

Florestano and Gordon (1980)

A four page questionnaire was sent to 803 member agencies (state and local government) of the National Institute of Governmental Purchasing. This organization is a nonprofit educational and technical organization whose membership is composed of the purchasing and supply activities of the federal, state, city and special district governments in the US and the federal, provincial and local governments in Canada. Of the 289 questionnaires returned, only those questionnaires returned from the 89 municipal governments with a population of 49,999 or less were used for the data analysis.

Responses were organized on the basis of geographic region (Northeast, North Central, South, and West), size of jurisdiction (less than 10,000; 10,000-24,999; and 25,000-49,999), and as a whole. The questionnaire contained a list of 27 local services and respondents were to check all that were provided in whole or in part by a private contractor. The most frequently noted services checked were street construction, architectural services, engineering services, legal counsel, building repair, and solid waste collection.

The average number of services contracted out (across all municipal sizes) by the North Central region was 9, by the Northeast was 7, by the West was 6, and by the South was 5.8. Examining the data by municipal size only, those with a population under 10,000 contracted out an average of 9.8 services; those with a population of between 25,000 and 49,999 contracted an average of 7 services, and those between 10,000 and 49,999 average 5 contracted services. With regard to both municipal size and geographic region, the cities with a population under 10,000 in the North Central region contracted an average of 15 services, almost double the next ranking category.

The data were also examined by contracted services which represented the largest dollar volume. Professional services were listed by 32.5 percent of the respondents as constituting the largest dollar volume of contracted service; solid waste collection was listed by 23.5 percent as the largest dollar volume service contracted out. Street construction was mentioned by 20 percent and street maintenance was mentioned by 4 percent. Contracts were awarded on the basis of 1 year by 45 percent of the respondents, for two years by 7.8 percent, for three years by 11 percent, and by the job or project completion by 20.9 percent.

Finally, the questionnaire included the following list of statements in which respondents were asked to indicate their agreement, based on their experience with contractors:

a. "Contracting out" costs less than government delivery of services.
b. "Contracting out" costs about the same as government delivery of services.
c. "Contracting out" costs more than the government delivery of services.
d. "Contracting out" results in poorer service to your citizens.
e. "Contracting out" results in about the same quality of service to your citizens.
f. "Contracting out" results in better quality of service to your citizens.

Averaging across all responses, contracting was viewed as costing less and providing better service. Some differences emerged when geographical region and size of municipality was taken into account. The majority of respondents in the Northeast believed that contracting costs more, but that the quality of service is better than that the government can provide. The majority of North Central respondents believed that contracting costs less and that a better quality of service is provided. In the South, the majority (36.6 percent) of respondents, believed that contractors can provide better service than the government, while 30 percent believed that the contracting results in the same quality of service. With regard to cost, 33 percent believed the contracted service costs more, while 33 percent believed contracted service costs less. (There were only 6 responses from the West, so few conclusions were drawn from this data.)

The larger municipalities agreed that contracting out results in better service, but the belief about who provided the service at less cost was not agreed upon by respondents. In municipalities with a population between 10,000 and 49,999, the majority of respondents believed that contractors provided a better service at less cost than the government. In municipalities under 10,000, the majority of respondents believed that contracted services resulted in the same quality of service as that provided by the government and that the contracted service costs more.

McGuire and Van Cott (1984)

Another of the relatively few studies in the scholarly literature to compare public vs. private pupil transportation services was conducted by Robert McGuire and Norman Van Cott (1984) using 1979-80 data from Indiana School districts. The authors commented that it was surprising that more attention hasn't been directed at the privatization of school bus transportation since the literature on public vs. private systems in general has grown in recent years.

Two hundred seventy-five Indiana school districts were studied. One hundred forty-four districts provided transportation with district-owned buses only; 49 districts provided transportation with private contractors only; and 82 districts used a mixture of district-owned and contractor-owned buses. The authors stated that cost comparisons between public and private systems could be made because the accounting procedures for all districts were the same, the regulations were uniform across districts, and the topography was the same throughout the state (with the exception of the large urban area of Indianapolis which was not included in the study).

School districts reported transportation expenditures in the following areas: Service Area Direction (administration, management, and supervision of district systems), Vehicle Operation, Monitoring Services, Vehicle Servicing and Maintenance, Purchase of School Buses, Insurance on Buses, Contracted Transportation Services, and Other Pupil Transportation Services. They note that the costs included factors not ususally attributed to district systems.

Several adjustments to the data were made which included: An estimate of the forgone interest income associated with district ownership was computed for district costs; economic depreciation to each district owned bus was calculated; and vehicle registration fees were added to district costs since districts were exempt from payment while contractors were not. Since neither contractors or districts were required to pay either state or local excise (property) taxes, no adjustment to public costs was made. Finally, the authors stated that an additional adjustment to public ownership costs should have been made, but data were not available. This additional opportunity cost element was the cost of storage of buses: "Because a private firm would have a vacant lot for this purpose and a school district using district-owned buses would no doubt use school property, the foregone rental value of the school property should be included in the cost figures for public ownership." The authors estimated that their adjustments to the state's cost figures increased costs for public-owned buses by over 10 percent.

Districts were grouped into five different trip length categories, and districts with similar trip lengths were compared to each other. They were further divided by whether the service was public only, private only, public but part of a joint system, private but part of a joint system, total public, and total private. Finally, they were compared on four measures: annual cost per trip, annual cost per mile, annual cost per student, annual cost per student-mile. The results showed:

> (1) For districts with the shorter average trip, no differences were found for length of trip and number of students transported. However, some differences were found in cost estimates between the public and private systems. For those districts operating a public system only or private system only, no differences were found. For the private portion of the joint system, cost per trip and cost per mile estimates were found to be significantly different. (Private ownership costs were reported to be less when the samples were combined, but this difference was at the $p<.10$ level, a level that is higher than that typically set in scientific research, meaning the chance that the difference is due to chance is higher).

(2) For districts ranking next in trip length, cost per trip and cost per mile figures between public and private systems did not differ significantly, although private costs were less on the average. Private contractors did transport significantly more students and costs per student were significantly lower for private providers.

(3) Districts in the third trip length group showed lower costs for private systems, with no differences in trip length and in the number of students transported.

(4) The results from the fourth trip-length group were mixed, although cost per trip and cost per mile were significantly less expensive for private contractors than public providers. There was no difference in the mean cost per student mile or average length of trip.

(5) Districts with the longest trip-length showed that where private ownership is significantly less in cost, it also transports significantly fewer students.

(6) Finally, costs comparisons were made for the entire sample of 275 districts. No significant differences between public and private services were found for mean cost per trip, and mean cost per student. However, mean cost per mile calculations showed private costs to be significantly cheaper (by about 12 percent) than public costs. The authors note that without their cost adjustments, "the 12 percent cost per mile differential shrinks to a 1 to 2 percent differential."

Also, for districts that operate exclusively public service or exclusively private service (collapsed over all trip lengths), there are no significant differences in costs per trip or costs per student. However, costs per mile were significantly less for private providers. Similarly, for the private portion of districts that were part of a joint system (collapsed across all trip lengths), the private providers were 16 percent less expensive.

McGuire, Ohsfeldt, and Van Cott (1987)

In this research, McGuire et. al. contribute a theoretically based analysis of those factors that influence the government decision makers' choice of public vs. private providers of pupil transportation services. The authors state, "The empirical results generally confirm the hypothesis that private economic activity is less costly than public economic activity, although the differential narrows when public firms are subject to market competition or when property rights within private firms are attenuated" (p. 212). (Note: Caves & Christensen, 1980, argue that public ownership is not inherently more costly, but is due to a lack of competition.) The research of McGuire et. al. appears to be an attempt to understand what factors weigh heavily in the choice to go with public or private services, given that their research and other reviews (see Bennett & Johnson, 1980, and De Alessi, 1980 for general reviews of public vs. private services) have indicated less costs with the private sector.

The theoretical framework used is the theory of bureaucratic behavior that views individual bureaucratic decisions from a "personal utility maximization perspective," in which monetary and nonmonetary aspects of the choice are considered, weighed, and maximized so

that the choice reflects the relative costs of one choice or another. Some factors that are considered apart from monetary concerns are the total amount of labor strike activity of both public vs. private labor and the level of constituent preferences for using public vs. private labor inputs or capital inputs.

The hypotheses derived from the theory are tested empirically using a regression analysis. Data for the 50 states and the District of Columbia for the 1979-80 school year were used in the analysis. In general, the results showed that nonmonetary constraints "dominate" monetary constraints in choosing between public and private providers (although monetary costs were found to be significant in many cases), suggesting that "the bureaucrats behave as utility maximizers."

CHAPTER FIVE

ISSUES IN COMPETITIVE CONTRACTING

General Information

It has been said that "if you spend six percent or more of your district's budget on transportation, then chances are you are paying too much."[5] Others would argue that the ratio should be similar to the national average of approximately 3 percent in 1985.[6] One solution that has been offered as a way to cut transportation costs is to allow for an open, competitive process in providing for pupil transportation services.

Private firms have been used to deliver a wide array of services that include: solid waste collection, street repair work, utility billing, vehicle towing and storage, wastewater plants, private prisons, health care, maintenance, legal work, highway cleanup, tree trimming, emergency medical service, public hospital management, and data processing.[7] Other atypical examples of the use of private firms include the private, for-profit fire department operated in Scottsdale, Arizona; the awarding of contracts to organizations in poor neighborhoods for the purpose of delivering services to those in the area, such as a residential home in Philadelphia that takes juveniles from the state system and integrates them into society; and the awarding of contracts to tenant groups to manage public housing. In Florida, Medicaid claims processing, WIC (Women, Infants, and Children), and the Cancer Registry are contracted out. Other services that have been contracted out include homemaker services, child day care, counseling, and probation (Kettner & Martin, 1989).

A *Government Technology* report (1989) stated that several states including New Jersey and Oregon have developed privatization guidelines. Oregon's guidelines, prepared by the Executive Department and the Department of General Services, was selected as an innovative state program by the Western Legislative Conference of the Council of State Governments. The *Government Technology* report also noted that a 50 state survey, conducted by the National Association of State Purchasing Officials in 1988, showed that the central purchasing offices in 44 states have a contract procedures manual.

In "Moving America Competitively," Wendell Cox suggests that the following ten principles contribute to competitive contracting of any public service:

1. Public control should be fully retained.
2. Public agencies should closely monitor contract compliance (as a routine activity).
3. A competitive environment should be established and maintained (allow both public agencies and private providers to submit bids; put out new RFP's at least every five years).
4. Public agencies should compete fairly (ensure objectivity in the evaluation process).
5. Public and private costs should be fairly compared.
6. Contract prices should not be subject to negotiation after contract award.

7. Contracts should be awarded to the lowest responsible and responsive proposer.
8. Public agencies should not intervene in competitive labor relations (except to require compliance with federal and state labor laws).
9. Capital facilities should be made available for competitive service provision.
10. Savings should be used for the public benefit (e.g., increase in services, reduction of user fees, etc.).

When contracting out pupil transportation services, specific contract arrangements can vary considerably. Agreements can be for full-service, where all or part of the needs for regular transportation or special transportation are provided. Alternatively, districts can contract out for management of pupil transportation (administration, planning, accounting), while others may contract out for management of certain services (e.g., maintenance, personnel, facilities) or management of certain types of services (regular, special).

School districts can also exercise control over the services provided by reserving the right to approve the employees who are hired, the routes established, and student discipline practices. Some districts choose to retain ownership of all capital assets to avoid being caught without later. Some contract operations involve the district purchasing the buses which the contractors then operate. Advantages to this are that the districts can purchase the buses cheaper since the interest paid by them is tax-exempt (thus keeping transportation costs to a minimum), and the company may be replaced more easily if the contractor fails to perform.

Jerome Couzins, former Director of Transportation for Cincinnati Public Schools, endorses contracting for professional management services as a viable option for districts. He states that "local control and accountability are assured because the professional contract manager becomes a district resident and acts as an integral part of the school district's staff guided by the business manager according to the school board's adopted policies and directives. The professional transportation manager provides expertise and advice to best utilize the school district's employees, facilities, equipment and vehicles."[8] Also, management continuity is assured because the management firm employs and trains transportation managers, and when needed, a qualified replacement is found by the firm.

School districts interested in contracting should examine local and state laws and regulations regarding the actual bidding process. In general, though, if contracting is a consideration, Ed Green (Portland School District) offers this advice:

1. Assess and itemize the cost of operating your own buses.
   a. direct operating expenses (heat, electricity, interest, depreciations, building upkeep, etc.)
   b. direct administrative expense (salaries, overhead, fringe benefits, office equipment, postage, supplies, etc.)
   c. maintenance expense (gasoline, parts, supplies, etc.)
   d. vehicle capital expense (buses, trucks, new/replacement, etc.)
   e. facility capital expense (buildings, grounds,etc.)

f. support or overhead expense (payroll, printing, data processing, purchasing, etc.)

2. Determine what the contractors are to do. Identify the specific problems to be resolved. Define the scope of the contract support required.
   a. full management/maintenance/personnel
   b. management/maintenance
   c. management /personnel
   d. management only

3. Develop your contract language and bid specifications. This is the most important area of all... Both allow the district to maintain control over a potentially uncontrollable situation. Don't reinvent the wheel. Obtain contract samples from comparable size operations that use contract services. You need to determine:

   a. scope of contract
      - number of buses, hours and miles per bus
      - flexibility in service adjustments, buses, miles, hours, school hours, etc.
      - size and duration of contract
   b. standards of service
      - training, licensing and certifications
      - vehicle specifications, appearance and inspections
      - federal, state and local standards
      - transportation policy
      - bus/bell schedules
      - driver behavior
      - discipline procedures
      - safety programs
      - back-up/stand-by systems
   c. protection clauses
      - district and contract protection
      - performance bonds
      - penalties
      - indemnity against losses and negligence
      - insurance limits
      - force majeure clause (fire, insurrections, floods, strikes, labor disputes)
   d. qualification of bidders
      - facility and equipment conditions
      - financial stability
      - history of services
      - safety awareness
      - working relationships
      - willingness to share up and down trends
      - management experience, resumes
      - site visitations

4. Contact local contractors and request a preliminary cost estimate or quotes for study. Share a copy of specifications for input.

5. Establish a bid specifications committee consisting of:
   a. transportation staff
   b. staff attorney
   c. purchasing agent
   d. business manager
   e. interested board member

6. Contact the bargaining unit; give them the right of input before a final decision is made.

7. Once the specifications are finalized and published, there should be a prebid conference to fully explain the situation and examine questions.

Lee Comeau (1980) outlined several questions for critically evaluating pupil transportation, including contract transportation. The outline, similar to that provided by Ed Green, details specifications that should be considered when contracting for the transportation of students. This analysis serves as another useful resource.

Wendell Cox notes, in his "Presentation to the International Conference on Competition and Ownership of Bus and Coach Services," that a Request for Proposals (RFP) should contain a description of the required proposal format, in addition to a thorough description of the service, and that in some cities (New Orleans and Denver), detailed questionnaires and cost forms are provided for bidders, that, once completed, comprise the proposal. This procedure is believed to simplify the process and increase the chances that proposals will be prepared by other companies who have not previously responded to an RFP.

In addition, he states that the time span between the Request for Proposals and the final date that proposals will be accepted should be sufficient for all potential proposers to prepare, with the time increasing as the amount of service to be contracted increases. The evaluation committee should allow enough time for the evaluations to be thoroughly reviewed, but while still allowing sufficient lead time for the contractor to set up service arrangements as specified in the contract.

In the presentation, Cox also stated that the evaluation process is typically divided into two phases: (1) evaluation of the service qualifications and specifications and (2) determination of the most cost effective proposal. In order for the price to be considered, the service qualifications and specifications must be met. Cox notes that in order to make a fair cost comparison between public and private services, public personnel who assist in the development of the internal proposal should not be allowed to participate in the evaluation of the proposals.

Contracts can include the quotation of fixed prices or can be allowed to vary under certain circumstances. Two types of fixed price contracts are the "pure fixed price contract" and the "indexed fixed price contract." In the former, proposers are required to quote a fixed price for the service, including adjustments in level of service. In the latter, adjustments to the contract

price may be allowed for inflation or fuel cost increases, etc. On the other hand, unit prices may be negotiated, usually annually, but beginning in the second year of the contract. This method can be costly because the cost competition is only in effect in the first year when the contract is awarded. Also, contracts might allow for price negotiation to reimburse a contractor for cost escalations that are universal and not under the control of the contractor.

Contracts can have a specified term (e.g., three years) or can be awarded for a basic term with renewal options. (At the end of three years, the decision is made to either continue with the current contractor or to open up for competitive bids again.) Most contracts are for at least two years, and Cox recommends at least three years when the contractor supplies the vehicles. Contracts for shorter durations are typically higher in cost because contractors attempt to recover their costs, both start-up and fixed costs, over a shorter period of time.

Cox proposes that consideration be given to the contract size because smaller companies can compete, and potentially minimize costs, when the contract size is smaller (e.g., involving only 50 or so vehicles). At the same time, however, while the smaller contracts have the potential to increase competition, larger contracts can be less expensive to monitor. Some RFPs are structured to permit proposals to cover all or some of the package, allowing large and small companies to submit proposals.

Wendell Cox goes on to state that market share limitations, of usually between 25 and 50 percent of the procured service, have been designed to keep one company from gaining too much market power and in effect limiting competition. Accident and liability insurance limits for the contractors should be as high as the public providers are required to pay and similar to that required by the US Interstate Commerce Commission, but not higher because this would add to the cost of the contract.

On many occasions, performance bonds are required of contractors. Performance bonds are used to compensate for losses should the contractor default and are used to demonstrate the soundness of the contractor's business. Cox states, "Performance bonds probably represent the most simple and reliable indicator of the contractor's ability to perform. Public authorities are not skilled in judging the fiscal condition of private businesses and it can be unwise for a public authority to perform such a task. Bonding companies are skilled in corporate financial analysis and a private company that is unable to obtain a performance bond of a reasonable size may not be competent to provide competitively tendered transit service. Performance bonds can be an easy, cost effective way for public authorities to minimize risks" (p. 16). However, requiring performance bonds will likely increase the cost of providing the service, and therefore, their value should not be higher than necessary.

Finally, financial penalties are sometimes administered for unsatisfactory performance on the part of contractors. Although these have the potential to increase the quality of service, the costs of excessive penalties are likely to be calculated into the contractor's estimate of the total cost of service.

The Public-Private Transportation Network, managed by COMSIS Corporation, has prepared a document entitled "A Guide to Successful Transportation Services Contract Monitoring." They suggest that monitoring the contractor on a continual basis is the best way

to ensure quality performance. Specifically, they mention a three-step process to performance monitoring:

> (1) Contractors should report to the agency monthly on performance measures that have been previously agreed upon.
>
> (2) A monthly meeting between the agency and contractor should be held to discuss the contractor's report, explain and/or clarify data, resolve differences, anticipate potential problems and work to improve service. An unstructured format is encouraged to foster two-way communication.
>
> (3) Contractor performance should be verified by agency personnel or representatives on a monthly basis. Verification includes field checks (on-road service sampling), site checks (e.g., safety equipment, vehicle maintenance), passenger surveys, etc.

The authors suggest that the costs of performance monitoring should cost between 3 and 7 percent of a contractor's annual value. Finally, a proactive approach to service monitoring is suggested to aid in preventing the need for legal sanctions: Agencies should include their exact needs, requirements and sanctions in the RFP and again in the contract itself.

The American Federation of State, County and Municipal Employees has reviewed broken contracts and published these stories in *Passing the Bucks* (cited in Dudek, 1987). Several specific examples of cost overruns and poor service are noted. However, it was suggested [9] that one way to minimize the potential risks associated with contracting is to divide the service areas and allow contracting in some, while maintaining public service in others. Secondly, to avoid the potential problem of leaving government workers without jobs, one of three options could be pursued: (1) pace the level of contracting so that normal attrition takes care of government employees, (2) require private companies to hire the displaced government employees, and (3) allow the employees to move between public and private employment.

Reimbursement

A central concern to officials at both the state and district levels is the reimbursement formula that is utilized when contractors provide pupil transportation services. The South Carolina State Reorganization Commission's survey showed that in Delaware a mix of public and private pupil transportation services is utilized, with 75% of the services contracted out. In a 1987 report prepared by Delaware's Task Force on Education Finance, transportation formulas were compared for contractor and district operations. This report, also known as "The Grimes Report," is reviewed in Chapter 4. Delaware's 1988-89 contractor transportation reimbursement formula is included in Appendix C. Also, in a study comparing pupil transportation in New York with eight other states, state reimbursement policies were compared on the basis of formulas, allowable costs, mechanisms to control costs, and efficiency factors.[10]

Requests for Proposals/Contracts

A sample RFP and contract that details the relevant issues in contracting for pupil transportation services is provided in Appendix D. This sample from Multnomah County, Oregon is comprehensive and includes potential forms and a questionnaire that could be used in the bidding process. In response to the South Carolina State Reorganization Commission's survey, several other sample RFP's and contracts were sent. These additional RFPs and contracts may be requested from the State Reorganization Commission or directly from the Pupil Transportation Director in the relevant area. Those sending sample RFPs were:

(1) Auburn City Schools (Alabama) - bid for 1 year contract with the option to renew for 4 years (regular transportation);

(2) North Marion School District (Oregon) - bid for 5 year contract (regular transportation);

(3) Missouri - State Schools for Severely Handicapped;

(4) Missouri - Elementary and Secondary Education, Voluntary Desegregation Program - bid for 1 year contract;

(5) Norfolk Public Schools (Virginia) - bid for 5 year contract (regular transportation);

(6) General bid form for Oregon school districts - bid for 5 year contract with option to renew for three years;

(7) Multnomah and Clackamas Counties (Oregon) - bid for 5 year contract (regular transportation).

In addition to the contract included with the Multnomah County RFP, other sample contracts were provided by Maryland, North Dakota, Mississippi, Indiana, Kentucky, North Carolina, Georgia, Alabama (Auburn City Schools), and Connecticut (Norwich). A form for the extension of contract services (from New York) is provided also. Both the original contract and the contract extension form are included in Appendix E. Finally, a sample Equipment Lease-Purchase Agreement is provided in Appendix F for officials interested in this type of information.

CHAPTER SIX

LEGAL ASPECTS OF PUPIL TRANSPORTATION

General

School districts and individual school boards are responsible for the safe transportation of students to and from school. In the recent past, courts have frequently been called on to render a decision as to the liability a pupil transportation agent incurs in providing the service. Liability for transportation is similar to other negligence theory lawsuits. Regardless of whether pupil transportation is being provided by a public or private carrier, the liability issues remain the same. Each year numerous lawsuits are filed concerning the operation of school buses.

Considering the large number of students being transported, the miles travelled each year, and the type of rider, school buses have a very good safety record. The safety record of school buses is due to a number of factors including state laws requiring annual school bus inspections, maximum passenger capacities, use of stop signal arms, lights, and crossing gates, required seat belts for drivers, and required licensing of school bus drivers. Statutes extend beyond the mere operation of the bus, they also include regulation of the driver.

In the debate over private versus public pupil transportation, liability remains a key issue. Many school districts across the nation are choosing private contractors to provide the transportation necessary to deliver students to schools and to other extracurricular activities. As a result of the decision to use private contractors, school authorities have been involved in litigation with contractors. Failure to furnish transportation in optional situations, fairness in considering transportation bidders, and use of alternate forms of transportation are several items pertaining to selection of transporation agents that have been liability issues. Of particular interest to this report is the issue of providing information to contractors seeking to bid on the opportunity to provide pupil transportation services.

According to Ralph D. Mawsdsley in *Legal Aspects of Pupil Transportation*, "Many school districts are no longer able to maintain their own bus services and contract out those services to private contract bidders. The actual bidding process itself has generated a certain amount of litigation regarding a bidder's access to information. It is clear that every bidder on bus services should have access to the same information and it can reasonably be anticipated that litigation will arise where one bidder does not receive all the information received by other bidders and it is not otherwise treated in the same manner" (p. 5).

The bidding authority of school boards carries with it the responsibility of monitoring compliance with state laws, regulations, and the terms of the contract. As such, a school board can rescind a transportation contract when it is determined that the successful bidder is not a responsible party within the statutes, regulations, and terms of the contract.

South Carolina Laws and Regulations

South Carolina statutes set forth the requirements for pupil transportation. Schools and school districts must follow the prescribed standards and procedures established in statutes, as well as additional regulations added by administrative agencies. Schools and school districts must have coherent, consistent and comprehensive policies regarding the type of vehicle to be used for school functions. The care owed to students will always be a subject of litigation. Although not all accidents can be prevented, there are certain key problem areas that are well within the control of schools. Proper, regular bus maintenance is the responsibility of schools owning their own buses. Schools leasing the buses and bus services have a responsibility to report defects and demand repairs. School bus drivers, regardless by whom employed, must follow the school district's procedures for picking up and delivering children.

The board of each school district is responsible to the State Board of Education for the supervision of the school transportation program in the district which includes the selection of school bus drivers, employment and dismissal of drivers, supervision of drivers and pupils being transported, proposed routing of buses, accurate transportation records as to mileage, number of students transported, driver's time reports, school bus safety and enforcing all other transportation regulations. Therefore, when the service is contracted, the private carrier will need to consider these matters.

According to South Carolina law, buses are to be routed in the most direct way over publicly maintained highways and streets to provide service within one-half mile of each child in grades K-12 living further than one and one-half miles from the school they attend. The district board is responsible for preparing route descriptions and maps in accordance with the law, and for submitting these route plans to the State Department of Education for final approval. School bus stops on each route are not to be closer than two-tenths of a mile apart, and should be established at safe points; for example, a visibility of 600 feet in each direction must be possible. During inclement weather, buses may be permitted to stop at safe points nearest the home of each child. Again, these are issues a private carrier must consider in responding to a Request for Proposals.

Regularly assigned buses may be used to transport pupils to vocational classes upon approval of the State Department of Education, provided six or more students are enrolled. Otherwise, during the school day, buses must be left on the school grounds, unless being used to transport pupils to mid-day kindergarten programs. If private carriers are employed, an issue may be the use of buses for extra-curricular services and special transportation.

Bus drivers have certain responsibilities relating to the safe operation of their bus. Each school bus driver is expected to maintain the bus in a reasonably clean and sanitary condition, and to insure the safe operation of the bus. Under current state law, unauthorized use of a bus, and abuse of the equipment is grounds for dismissal. Regulation of private carrier drivers may be an issue to be examined by districts concerning contracting out pupil transportation.

State regulations also govern the requirements for drivers of school buses in South Carolina. Bus drivers are required to have a physical examination prior to initial certification

and recertification, with a copy of the physician's report being provided to the State Department of Education prior to a certificate being issued. Prospective drivers must have a driving record which meets standards set forth in Department of Education regulations. Any driver convicted of driving under the influence (DUI) will be terminated. At issue will be qualifications for drivers of privately contracted services.

Other regulations include the requirement that state-owned school buses not be operated in excess of thirty-five miles per hour, and that all state-owned buses be equipped with a stop arm. The South Carolina Code of Laws, sections 56-5-190 - 5000 and 59-67-10 - 710, provides further regulations regarding the operation of school buses.

Interested contractors should review the appropriate sections of the South Carolina Code of Laws to insure that at least these minimum requirements and specifications are met. The Code addresses minimum safety and equipment requirement; appropriate bus driver behavior; bus driver selection, eligibility, training and certification; as well as proposed routing, and school bus maintenance.

The Transportation Research Board of the National Research Council completed a study in 1988 and made recommendations related to improving school bus safety. In all cases, South Carolina has either enacted or has plans to implement the proposed changes. One of the key issues relating to school bus safety is the continued use of pre-1977 school buses. For the 1989-90 school year, approximately 300 buses will be purchased, which, with some decreases in the number of routes, will eliminate all of the pre-1977 models from the South Carolina bus fleet. A second concern with regard to the safe operation of school buses concerns the increased number of emergency exits. In South Carolina, specifications have been changed to require one roof hatch and one push-out window on each side of the bus in buses with 36 passengers or less. Buses with the capacity to carry more than 36 passengers will have 2 roof hatches and 2 push-out windows on each side of the bus.

The study recommended that all states require formal training of drivers before they are certified to operate a school bus. The South Carolina Department of Education currently has such a program as required by Section 59-67-470 of the State Code of Laws, 1976, as amended. The current program requires drivers to successfully complete thirteen and one-half hours of classroom instruction and six hours of behind-the-wheel and observation time. Drivers must demonstrate they can drive the bus safely before being issued a certificate. The Department of Education continues to upgrade instructors curriculum and teaching aids.

It was further recommended that student crossing programs be implemented to assist pupils in safely crossing in front of the bus. South Carolina currently stresses such in the current driver education training program. Buses are also equipped with the eight light warning system, the lighted stop arm, crossing arm mounted on the front bumper, and a system of convex and West Coast mirrors to provide the driver with good view in the front bumper area and along the side of the bus.

These standards mentioned above, as well as the minimum standards set forth in the Code of Laws and in state regulations, should be adhered to by contractors interested in doing business in South Carolina. In an effort to limit liability, it is expected that these standards will be the minimum legal standards accepted from interested contractors.

NOTES

1. School Bus Statistics. School Bus Fleet (1988, December).

2. Coopers and Lybrand. (1988). Review of the Costs Accumulated by the South Carolina Department of Education Relating to Providing School Bus Services to the State of South Carolina. Columbia, SC: Author.

3. See Note 1.

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9. See Note 7.

10. School transportation costs, policies and practices: A review of issues in New York and selected states. (1986, June). The University of the State of New York, The State Education Department, 15-20.

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APPENDIX A

DEPARTMENT OF EDUCATION RESPONSE TO AUDIT RECOMMENDATIONS OF 1986
(Only Transportation-Related Responses Are Included)

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION
COLUMBIA 29201

December 20, 1985

Charlie G. Williams
State Superintendent of Education

TO: George Schroeder, Director
Legislative Audit Council

FROM: Charlie G. Williams C.G.W.
State Superintendent of Education

SUBJECT: State Department of Education's Response to Legislative Audit Council Report

We commend the staff of the Legislative Audit Council for a very positive report. A number of observations and recommendations will be of assistance to the State Department of Education as we continuously refine our overall management system.

In our opinion, the limited number of findings included in your report indicates that minimum problems surfaced during your examination. This is especially significant considering the extensive resources required to administer an effective state education system.

In our comments to the Audit Council's Report, we have responded to recommendations based on the perception of the Council as to ways that the education process could be improved. In some instances, we have agreed with these perceptions; however, in others we have disagreed.

The following is our response to the Audit Council's recommendations and is based on the draft copy made available to us for review in the Council's conference room on November 15, 1985 and minor changes revealed to us on December 13, 1985. Any subsequent changes that may be made in the report as a result of our discussions with staff or that may be made as a result of our reply could not be addressed in this response and thereby should not be construed as concurrence.

COST CONTROL AT BUS MAINTENANCE SHOPS

Legislative Audit Council Recommendation:

The State Department of Education should develop cost standards for the operation and maintenance of school buses. The standards should be used to prepare bus shop budgets and to evaluate the performance of bus shop supervisors. The State Department of Education should require bus shop supervisors to obtain written approval before exceeding their budgets.

State Department of Education Response:

The State Department of Education, Office of Transportation, recognizes the benefits and need for stricter budget controls with regular analysis and justifications when a shop exceeds the budget. Greater control has been achieved through implementation of a partially centralized purchasing system which includes an encumbrance system that precludes overspending and requires several management level decisions prior to the transfer of funds. A mini-computer in the Office of Transportation also provides easier access to appropriate data that can be used in budget management. The Office of Transportation has consistently maintained a monthly cost analysis of each school bus maintenance shop that includes counseling with shops that overspend and recognition for those that maintain average or below-average cost.

In 1983-84, the Office of Transportation implemented a shop evaluation program which has developed standards leading to more uniform shop operations. These standards are currently in the process of refinement to include appropriate budget preparation and budget maintenance.

ALLOCATION OF SCHOOL BUSES

Legislative Audit Council Recommendation:

The State Department of Education should allocate buses so that the age distribution is approximately equal across the state. The Department should also adopt and follow a written policy which specifies criteria for allocating spare school buses.

State Department of Education Response:

The Office of Transportation consistently strives to maintain equality in the distribution of new buses throughout the 44 maintenance shops. There are a number of factors that affect this process.

The Department has purchased only diesel buses for the past two years which creates replacement problems until fueling and maintenance support can be provided at each shop. The number of diesel tankers available also limits our ability to spread the buses equally throughout South Carolina.

Extensive re-routing has taken place in the last three years in those areas cited as having the newest fleet of buses. In the re-routing process, the number of buses at each shop was reduced which eliminated a number of older buses from each shop. The Department will attempt to bring better balance by not providing new buses to these shops until others reach the same standard. Another limitation to equal distribution of buses is the number of different makes. In an effort to be more efficient, it is necessary to assign like makes to general areas to prevent carrying spare parts and other maintenance equipment in all shops throughout the state.

The Office of Transportation has, for many years, maintained one spare for each fifteen route buses. More demands have been placed on the use of equipment through the expansion of field trips, mid-day kindergarten, and hazardous off-route pickups, etc. In many instances, the one bus per fifteen has become inadequate for program support. Over the past several years, additional buses have been added as required by varying circumstances.

The Department will implement a written policy providing one spare bus for every twelve route buses with any additional units being justified on an individual shop basis. In order to accomplish this, the Department will require additional funds for new buses or will be required to maintain more old buses that would normally be disposed of.

VANDALISM AND ABUSE OF SCHOOL BUSES

Legislative Audit Council Recommendation:

The State Department of Education should contractually require school districts to reimburse the state for all damages to buses from vandalism and abuse which occur while they are being used by the districts.

State Department of Education Response:

The Department will develop an appropriate recommendation to present to the State Board of Education to implement this recommendation.

EXTRACURRICULAR USE OF SCHOOL BUSES

Legislative Audit Council Recommendation:

The State Department of Education should follow state regulations and ensure that school districts are charged the full cost of using state-owned buses for extracurricular and summer school activities. These charges should be updated on an annual basis.

State Department of Education Response:

The Department agrees with the recommendation on extracurricular use of school buses and will recommend to the State Board of Education that the fees on state-owned buses be updated to reflect current cost of operation.

SALE OF SURPLUS SCHOOL BUSES

Legislative Audit Council Recommendation:

The State Department of Education and the Division of General Services should determine if the state could increase revenues by selling surplus school buses through public auction rather than by competitive sealed bidding.

State Department of Education Response:

The Department initiated a pilot test with the Division of General Services of selling buses at auction rather than through the sealed bid process. A fifteen percent increase in sale price was realized through auction. (The average price from a sealed bid was $582.69; from auction, $672.73.) However, several drawbacks confront a change in the system. They are as follows:

1. The fifteen percent benefit of sale by auction does not reflect a minimum cost of approximately $100 per bus in relocating the equipment from the 44 shops to Columbia as indicated below:
   (a) Wage of driver to transport equipment, if bus is in running condition.
   (b) Expense of using a wrecker, plus driver, if bus is not running.
   (c) Cost of second driver to transport bus driver back to shop.
   (d) Cost of gas in bus plus cost of gas in wrecker or second pick-up vehicle.
   (e) Time lost from the shops routine and/or emergency calls while drivers are transporting buses to Columbia. The majority of shops are now operating with a short staff and utilization of staff for this purpose could seriously impair a shop's operation.
2. Organizing a large sale, such as the 332 lots sold in October, 1985, occupies many hours of an already limited staff.
3. Thirty-one percent of the lots did not sell in the October, 1985 sealed bid bus sale. Some will remain available for sale for a year or more. The storage is no problem since buses to be sold are parked at the shops. General Services now has limited storage space for the unsold lots. In this case, it means leaving room for 103 buses. We recommend buses continue to be parked at the shops until they are sold. The buyer is then responsible for moving the equipment they bought at no cost to the state.
4. Using the Highway Department as a comparison is not appropriate. The Highway Department offers a wide variety of vehicles that attract a broader clientele whereas a school bus sale is only attractive to a limited number of buyers.
5. Examples cited from Georgia and Florida showing an increase in revenue reflect county-owned, not state-owned, equipment as in South Carolina. Their auctions are centralized by county, not state.

The State Department of Education will continue to work with the Surplus property Division to develop the best method of selling used school buses.

APPENDIX B

RESPONSES TO NATION-WIDE SURVEY ON CONTRACTED PUPIL TRANSPORTATION

Directors of Pupil Transportation

50 State Survey

State	Question 1 What percentage of school bus transportation in your state is provided by contractors? (NOTE: Percentages are reported differently - pupils vs. buses, etc.)	Question 2 Why are contractors used in your state? Are they cheaper, more efficient or is it for historical reasons?	Question 3 What criteria is used for evaluating and comparing service between public and privately provided school bus transportation? Is service evaluated by school districts or the state department of education?	Question 4 Have there been any studies or statistics developed on the safety of contractors compared to government run school buses?
Alabama	5%	Left to local boards of education	School districts	None
Alaska	Yet to respond			
Arizona	Yet to respond			
Arkansas (Telephone Interview)	Districts are allowed to contract out, but presently none are. Several years ago, Little Rock had a contractor but service was bad. This has persuaded everyone to stay with publicly provided service. ...We are looking at contracting out the service to magnate schools under a desegregation plan. St. Louis has done this. They use five contractors.		We are looking at the cost pattern and the service pattern. We have just started looking.	
California	Approximately 29 percent.	It is our opinion that some local educational agencies may initially believe that it is more economical to contract out for transp. services with private companies, however, there are not data to support this belief when all factors are	The decision to contract for transp. is made locally, therefore, we are unaware of the evaluation process utilized by LEAs. However, the State Dept. of Education has recently contracted with a management consult-	There are no studies, however, we do track accidents which are separated by type of ownership. (See Calif. questionnaire)

Directors of Pupil Transportation

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		considered. Some LEAs may contract to avoid confrontation with labor unions.	ing firm to develop a self assessment manual and contracting guidelines....	
Colorado	Approximately 5% of school transportation in Colorado is provided by contractors.	Districts have contracted primarily to get a newer fleet without the initial cost and they wanted to give the headaches of buses to the contractor.	The evaluation is done by the district. The Dept. of Education reviews contractors and districts for compliance with state operational rules and bus minimum standards.	There have been no comparison studies done in this state. We use the studies from New York, California, Washington, and the Heartland Study.
Connecticut	Yet to respond			
Delaware	75% Delaware has maintained a mix for a long time. We like to have a mixture of 75% private contractor and 25% state owned. It seems to serve us well. Several of our district operated fleet supervisors (state owned buses) would like to increase their fleet, thus cutting down on the contracted fleet so that they can exercise better control over the service.	We have contractors more for historical purposes, free enterprise, than for any other reason. They are no cheaper, nor are they more expensive, because we treat both operations the same. I have enclosed copies of both the contractor and district formulas we use. Contractors and districts are paid daily minimum rates with a per mile rate over the 30 mile minimum allowance. We purchase state owned	The school district transportation supervisor evaluates the district and contracted services and it is monitored by my office.	Not really. We do maintain, as do all of the other states, an accident profile. This allows a comparison between the current year and last year. It is broken down into district operated and contractor provided services.

Directors of Pupil Transportation

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		buses outright and give them to the district for their use. We give capital allowance plus interest to contractors - really a 7 year amortization schedule for the purchase of the bus. In effect, they purchase the bus and we pay them over the 7 year schedule.		
D.C.	As a small jurisdiction, the District of Columbia does not provide transportation to all students. Our primary responsibility is to provide transportation for special education students certified as eligible for the services. The Transportation Branch of the D.C. Public School system provides transportation to and from school for approximately 2500 special education students daily. Less than 1% of these students are transported using contract carriers.	The use of contract carriers becomes necessary only if a student must receive special education at an unusual time, and/or the school's location makes it inefficient to transport the student on a regular route. Vendors are selected to provide this type of service based on price, type and condition of vehicles, service reliability, and insurance coverage.		

Directors of Pupil Transportation

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Florida	Approximately 7% of our school buses are obtained under contract. This represents one school district out of 67 with a contracted fleet of 720 buses.	Jacksonville has historically been a contracted system.	No criteria has been used to analyze or evaluate contracted versus publicly owned school transportation systems at the state level. Service would be evaluated at the local district level.	Compliance Audits have been conducted for all 67 districts testing their compliance with state laws and rules.
Georgia	Less than one percent of the buses are contracted in this state.	Small city systems,which became eligible for funds in FY 75, did not want or have the capital to start a transportation system.	None	No

Directors of Pupil Transportation

50 State Survey

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Hawaii	Yet to respond			
Idaho (Telephone Interview)	(20%) We have 23 out of 114 school districts. Most of our urban districts... use contractors. Contractors do not want to go into the rural and mountain areas.	To get away from the problem of operating on their own. It is much more expensive to use contractors. It's about 50 cents more per mile. Everyone knows this, but they continue to use them.	N/A	No
Illinois	Yet to respond			
Indiana	25% We have a total of 10,015 school buses in the state of Indiana. Of this number, 2,540 are privately owned and contracted to the schools. This number represents 25% of the total number of school buses. The remaining school buses are owned by the school districts.	Contractors are used in Indiana because each school district decides how they want to provide transportation. Some choose to contract with private owner-operators. Most choose to own their own fleet. Some have combinations of private owner-operators and school district owned school buses.	Each school district evaluates their own school bus service. I am not aware of any standard criteria that is used to evaluate and compare service between public and private school bus service. Obviously school districts generally choose the service that will provide them the best service at the least cost.	I am providing copies of financial studies of pupil transportation in Indiana and a copy of the Heartland Policy Study which compared public vs. private transportation service.

Directors of Pupil Transportation

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Iowa	Yet to respond			
Kansas	Approximately 33% of the pupils transported by public schools in Kansas are transported by private contractors and contracted bus travel comprises 23% of the total mileage traveled.	The number one reason contractors are used in this state is the elimination of the many problems for school administrators and board members.	There is not any criteria at the state level, this is done entirely at the district level. Some have done studies which proved the school district could do it cheaper but the district chose the higher costs and less problems.	None, of which I am aware.
Kentucky	Only 2% of Kentucky's school bus transportation is provided by contractors.	Jefferson Co. is the only Kentucky school district which contracts any significant number of school buses This district operates 828 buses daily	The Kentucky Dept. of Education and local school districts can exercise more control in providing a safe transportation system with	No recent studies comparing the two.

Directors of Pupil Transportation

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		Only 157 of these are contracted.	publicly owned school buses.	
Maine	19%	The state neither encourages or discourages contracting ... Probably the most common reason for contracting is that the school system does not want the bother of owning and maintaining buses. Generally, although not always, contracting is more expensive.	Contracting is a local issue.	Did not answer.
Maryland	50%	Each of the 24 local school systems determines which type of service they wish. Some of our systems are almost 100% public owned, some are a mixture of public owned and contract, and some are 100% contract; Historical reasons mostly.	I am not aware of any criteria that a system may be using to compare the services. No evaluation is provided by the State Dept. of Education.	There are no studies that have been made on contractor safety. The state does collect accident data and can determine the ownership of the vehicles involved in all fatalities since 1959.
Massachusetts				

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Michigan	.6%	Historical	Cost comparison	No
Minnesota	In 1987-1988 approximately 61% of students in the regular category were transported on contractor owned buses Contractors owned approx. 49% of the the school buses in the state. Public school disricts owned about 41% and nonpublic schools owned the remaining 10 percent.	Much of it is historical. Some districts find it more convenient to contract for services.	Evaluated by school districts, not by the Dept. of education. Districts establish their own criteria.	No

Directors of Pupil Transportation

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Mississippi	0% Currently, there is no private contracting in Mississippi for the regular transportation of students.	Not applicable.	Not applicable.	Not applicable.
Missouri	38 percent	Contractors are used by school districts for different reasons: the districts may have been contracted in the past; district doesn't have the staff, facility or desire to operate its transportation program; districts can place requirements on contractors which might be difficult for a district operated system to meet (equipment age, insurance, driver training, etc.).	Cost is the main criteria used to evaluate public and private service by the Department of Elementary and Secondary Education.	Enclosed are the accident statistics from the last two school years.
Montana	Almost 50/50; 679 district owned buses and 642 contractor owned buses.	More efficient in my opinion, but also historical in our state.	No real criteria established or required for evaluation. School districts have local control.	No, but from my experience they do a good job of training and maintenance or else it will cost them money.Generally,they are the safest operation in the state.

Directors of Pupil Transportation

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Nebraska	8% We have a total of 309 contracted buses out of a total of 3,876 buses and pupil transportation vehicles.	There are as many reasons why contractors are used as there are contracted buses, but I will try to keep it brief. It's been my observation that contractors in some places can do the job more cheaply than having the school district purchase their own fleet, maintain their own staff of drivers and maintain their training program. Another reason is perhaps the school district does not want to be bothered with transportation problems and seeks to alleviate this through the contractor agreement.	We have no criteria for evaluating and comparing service between public and privately provided school bus transportation. Whatever criteria might be brought about is from the local level in determining their needs and how well these needs are being met. The Dept. of Educ. does not get involved with evaluation at the local level.	There have been no studies or statistics developed comparing contractors with government-run school buses. Since all school buses in our state are maintained, operated and inspected by the standards set by the Dept. of Educ., we think that there is a consistency in the way these pupil transportation vehicles are providing the transportation services to the various schools.
Nevada	0% School districts have never considered contracting for pupil transporation services in the state of Nevada.			

Directors of Pupil Transportation

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New Hampshire	Approximately 80% of the school districts use private contractors.	It appears that most school districts do not want to be involved with the problems associated with providing pupil transportation. The transportation field is so involved now, that the contractors can provide better service than the school districts. The contractors have good facilities and equipment(buses), good mechanics, and trained personnel that the small districts cannot compete.	The state is not involved in evaluating the service. That would be left up to the local school district.	No
New Jersey	New Jersey has 585 transporting districts. There are approximately 421 districts that use contracted services. However, some of them also operate district-owned buses.	New Jersey State Statutes gives the option to all transporting districts... to either use district-owned buses or contracted buses for pupil transportation.	No criteria has been established for evaluating and comparing service between public and privately provided school bus transportation. This service is not provided by the Dept. of Education.	No.

Directors of Pupil Transportation

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New Mexico (Telephone Interview)	About 90% is contracted out. Contractors and the districts provide all services (own buses, provide maintenance, hire drivers).	Contractors take better care of their fleets and their buses tend to be newer than district buses. New Mexico also takes the position that contracting allows for and encourages small businesses. Most contractors are small operators.	N/A	I am not aware of any differences in safety between district and contractor buses. We do not break our statistics out in this way.
New York	Approximately 50%	Historical reasons.	School districts evaluate the service provided by public and privately owned buses.	We are aware of no safety studies of public vs. privately owned buses.
North Carolina	Less than 1% (Mostly for handicapped children)	Most of the contracts are to provide transportation for handicapped children with special needs who are unable, because of their handicap, to ride the regular school bus.	Not applicable.	Did not answer.

Directors of Pupil Transportation

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North Dakota	About 10% is provided by private contractors.	It is the option of the local school district.	Cost per mile for contracting compared to cost of owning and operating. Service is evaluated by school district.	We do not have specific studies but the records for safety indicate private contractors and district owned buses are the same.
Ohio (Telephone Interview)	Little contracting is done. Ohio has 12,0000 buses and only 600 are contracted, mostly in the Cincinnati area. (5%)	No hassles administratively. Also contractors pay less. Public drivers are unionized in the bigger cities and larger urban areas.	Contractors have to met the same rules and safety regulations as public districts. There have been a few minor problems as to who has the responsibility for the actions of drivers - the district or the contractor. Each thought it was the other's responsibility.	No
Oklahoma	Less than 1%	Not applicable.	Not applicable.	No.
Oregon	About 30% are contracted. Mayflower	Oregon has had contracting for many	No criteria. Oregon law does not	Contractors have a slightly higher

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(Telephone Interview)	is the biggest contractor, followed by Laidlaw, then several regional fleets and individual contractors.	years. Some districts have grown up with contracting and have continued with it. Initial cost factors were a primary reason, as they tended to be lower with contracting. Contractors are not required to make contributions to state retirement, whereas districts are. Also contracting allows districts to avoid dealing with unions. Public drivers in Oregon are mostly unionized and belong to the Teamsters or the Oregon School Employees Association. Another reason was that the costs of replacement of capital equipment was sometimes more than school districts could afford.	require districts to supply transportation. No statistics are kept on costs of contracting. The State tried to keep costs per mile, but were not meaningful because of different district sizes and geographical regions. Costs were greater in larger districts.	incidence of accidents. However, contractors are located in the more metropolitan areas where there is a higher rate of potential for accidents. The difference is insignificant.
Pennsylvania	Yet to respond			
Rhode Island	Yet to respond			
South Dakota (Telephone Interview)	The State has between 1500-1600 buses. About 33% are contracted out.	Districts want to avoid the hassles of finding qualified drivers and purchasing. In South Dakota, contractors have better buses and spend more money on maintenance. There are no large national contracting firms in the state.	No, any criteria is determined by the individual districts. No state criteria exists.	No. Only, 50 school bus accidents were reported in 1988 for the entire state.

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		Most operators are "mom and pop" with 5-10 buses, often local farmers.		
Tennessee	21.5%	Largely, for historical reasons; the trend is definitely toward public ownership in rural areas. Contract service seems to be firmly entrenched in our larger urban districts with the exception of the Metro Davidson County and Chattanooga Public School system.	Primarily, cost and service. All evaluations are local-oriented.	None at the state or local level that I am aware of.

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Texas (Telephone Interview)	Fifteen out of 1020 districts use contractors. Two other districts used to use contractors but have gone back to running their own fleet. Durham and Mayflower are the major contractors along with the Austin City Public Bus Co. (1%)	Lots of reasons for contracting: desegregation; private companies do drug testing which schools like but are scared to get into from a civil rights standpoint;and schools do not have to supply their own buses. Contractors do a good job. You could probably do it cheaper yourself, but if you are not doing a good job managing your transportation system, you are a good candidate for contracting.	Districts compare by price.	No
Utah	Eight percent of school bus	Historical reasons.	A formula density factor which	Enclosed are the past three year's

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	transportation is provided by contractors in Utah (3 out of 40 districts).		compares districts of like density whether contracted or not; cost of transporting a student should be similar. Evaluation by Department of Education.	accident frequency rates.
Vermont	Yet to respond			
Virginia	A. 2.3% B. Two cities, Hopewell and Norfolk, with a combined total of 226 contract buses, out of a state total of 9,776 buses, have a contract with private owners/operators. C. Additionally, two cities, Charlottesville and Stauton, with a combined total of 41 buses,contract with their city transit division. D.One city, Petersburg, with 44 buses, owns their buses and contracts the operation with a private firm. E. Stauton and Petersburg will have a total local school board operation in 1989-1990.	A. None of the above. B. With the advent of federal court orders, public transit systems attempted to meet the needs in Norfolk, Hopewell and other cities, but none could successfully handle the required time schedule. To avoid a federal penalty for causing the dismissal of unionized transit employees, Norfolk chose to contract with a private firm for school transportation services. C. Hopewell was opposed to government operated services and was willing to pay higher costs for contract services.	A.Cost of home to school service B. Efficiency C. Cost of extracurricular sevice D. Safety E. Ability to exercise necessary control of transportation which directly relates to many other school decisions F. Political campaign G. Evaluation performed by the school district	None have been completed in VA. within the last four decades. Generally, accident rates relate more to population/ pupil density and quality of drivers.

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Washington	There are 296 school districts in Washington State. 292 of these districts provide transportation. 15 school districts contract with private companies for their pupil transportation services. Five percent	Contractors are a viable option to provide pupil transportation services for school districts. In most cases, I believe, contracting helps school districts that have difficulty maintaining a modern	Cost is usually the issue which is used to compare these services. However, cost is not the only reason school districts choose to contract. In many cases it's for convenience, another set of details	Not in Washington state.

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	of the school districts in Washington contract for transportation. Because many of the districts that contract are large, approximately fourteen percent of the students transported are in contractors' buses.	fleet of buses or suddenly find themselves in a position where they need many more buses than they can raise capital to acquire. Contracting can be cost competitive with public operation depending on how well the public system is operated. A well managed, cost conscious public operation will be difficult to beat with a private contractor.	which the district may, more or less, delegate to someone else. Another problem with cost comparisons is how the costs are calculated for comparison purposes. Service is evaluated at the local school district level.	
West Virginia (Telephone Interview)	None in the usual sense of the word "contractor." We do contract with individuals, parents, to provide transportation on mountain roads using 4 WD Suburbans to transport 5 or 6 kids.	Buses can't go on the roads we use suburbans on. Our contractors are definitely not cheaper.	We have never compared this.	No, not really. All Suburbans are inspected three times a year and drivers are certified annually just like our regular buses and drivers.
Wisconsin	Yet to respond			
Wyoming	Approximately 1%	Cheaper	None. It is left up to the districts	No.

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			to provide transportation as they see fit.	

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Alabama	No	No	I feel you have less confusion, better control, and less problems if the transportation is by the local BOE.	
Alaska				
Arizona				
Arkansas (Telephone Interview)				
California	Data not available	Data not available.	In California,we are presently developing a guide for LEAs to use in assessing their own transportation program. Generally, an LEA has at least four options to follow: Continue their own service, contract	Accident report

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			with another LEA or govt. agency, contract with private contract carrier or discontinue transportation services.	
Colorado	Refer to question #4	No, we do not have any model contracts since there have been no new contracts since approximately 1985.		
Connecticut				
Delaware	Yes, the most recent was the Grimes Report. They looked over the whole finance picture of the Department of Public Instruction.	This past fiscal year, we had legislation included in the state budget which called for each district Board of Edcuation to update their private contractor selection guidelines and to submit them in final form to the State Board of Education. They were reviewed by a committee which included our Deputy Attorney General to make sure that they complied with the law.	If I had my choice, I probably would select a state owned and operated fleet. With all of the attendant problems of unionization, distribution, personnel, etc., we could, I feel, more carefully monitor the school buses, drivers, aides, etc. Our 75/25 concept works very well, however. The contracted portion is easier in that we pay for service and they have to hire drivers, repair their buses, handle	Accident Statistics. Milford School District Guidelines Section of Grimes Report

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			the pupils and do provide a buffer with the school district superintendents.	
D.C.			Recently, the D.C. Public School System commissioned a consultant to evaluate services provided by the Transportation Branch. Among several recommendations made was the provision of transportation by private contractors. It is our contention that the consultant's recommendations were based on superficial analysis. The consultant has not provided sufficient rational on which to base the recommendations. A number of years ago, The District of Columbia Public School System contracted out transportation services for all private schools located outside of the city. The contractor lowered the cost to	

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			obtain the contract, and escalated cost when renewal was emminent.	
Florida	None.	None.	Florida has traditionally been a relatively non-contracted state in terms of school bus transportation. Our one district (Duval) has been contracted for many years and other districts have not exhibited great interest in becoming privatized. Dade County (Miami) has recently determined that the costs of contracting exceeded those of continuing to operate public buses. You may wish to contact Mr. Bill Stieren, Division of Support Operations, Dade County Public Schools, 450 Northeast 2nd Ave., Miami, FL 33132 to discuss their evaluation procedure.	Audit of Jacksonville contracted service. Citation of Miami schools who decided contractors were more expensive.
Georgia	No	No	The only area where a contractor will be able to operate for less than the local school system or the state is in the area of personnel. Of	

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			course, one must keep in mind a reasonable profit must be made.	
Hawaii				
Idaho (Telephone Interview)	N/A	Yes. We have a form that districts must use.	All school districts except Boise use "mom and pop" contractors. This year, Boise brought in Mayflower.	
Illinois				
Indiana	See #4.	Enclosed copies of recommended contracts for driver owned equipment, fleet operators, and transportation contracts for those drivers who operate school district owned school buses. These contracts are recommended by the State School Bus Committee and approved by the State Board of Accounts.	Based on information gathered over the years, and through conversations with school superintendents, and transportation directors, most school districts in Indiana prefer to own their own equipment. They feel they have more control over their drivers and equipment. Ten years ago most school contracted for service with private owner-operators. In ten years the trend	Statutes and McGuire Van Cott study.

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			has reversed. If I were to rank the choices of what kind of pupil transportation service Indiana schools are choosing, this is the order I would predict the following would be ranked as: 1. district owned school buses 2. contract with private owner-operators 3. contract with fleet company	
Iowa				
Kansas	No	None	Some districts feel they lose too much control if they contract; Unions may cause more of an increase in costs than if under district control; Public employees are not allowed to strike.... Legally private bus contractors could strike, leaving school districts with major problems.	
Kentucky	Cost comparison studies between public and privately owned buses are not available.	Enclosed is a copy of a model contract.	No further comments	Privately-Owned bus Contract

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Maine	Did not answer.	The state has no model contract or guidelines.		Summary of Public Schools Transportation Statistics FY 1988
Maryland	There have been a number of state funded studies. Abbreviated copies for two of these are enclosed. If a complete copy of any is desired, let us know and we will reproduce the report.	There is no prescribed form now, but up through FY 1981 the enclosed contracts were used. One system secures contract services through a bid process, while all others utilize a formula approach.	No	Copy of state funded study and a school bus contract.
Massachusetts				Handout on the evaluation of the pupil transportation system; listing of providers of transportation; statistical

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				data; instructional material for safety programs; traffic control statutes; safety programs for different languages; accounting info.; regulations for state aid; suggestions for prorating expenditures; transportation operator guidelines; other.
Michigan	Not studies, but looking at 1 or 2 bids in the last few years show that schools can provide cheaper transp.	No	No	
Minnesota	No	No	We are quite pleased with the mix of school district/contractor operations . Over the past five or six years, a few districts have changed from one system to the other. These changes have gone both ways.	

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Mississippi	Not applicable.	Mississippi does have a provision for contracting transportation services.		Regulations and model contract.
Missouri	Enclosed is a copy of our summary of state transportation aid which provides statistics and information regarding public and private transportation.	Enclosed is a copy of the state's bid specifications for service contracted in the Voluntary Desegregation Transportation Program.	Did not answer.	Enclosed is a copy of a summary of state transportation aid which provides statistics and information on public and private transportation, accident statistics from the last two school years, and a copy of the state's bid specifications for service contracted in the Voluntary Desegregation Program.
Montana	None on the state level, but there have been some private studies. You may want to contact the Montana School Transportation Association,825 Mount,Missoula,Montana 59801.	Yes. On page 51 of the enclosed Pupil Transportation Handbook.	It is very difficult to measure and compare costs of a school district operation to that of a contractor. How much is it worth to the district to turn over the daily operation	Pupil Transportation Handbook

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			and headaches to a contractor? What is this service really worth?	
Nebraska	Did not respond to this question.	The state dept. does not have any model contracts or guidelines for districts to use in contracting on transportation services. We do not enter that field of endeavor, nor do we attempt to become involved with negotiations or this manner of operation at the local level.	Contracting has presented few problems that have come to the attention of the Dept. of Educ. If the local school district thinks the contracting situation is best for them, that is certainly permissible as far as we are concerned. At the present time, we have had no problems with unionization, nor do we anticipate any. Again, I would reiterate that because of the minimum standards that we have set for drivers, pupil transportation vehicles, training of drivers and the inspection process, we have had few problems either at the contractor level or at the non-contractor level.	
Nevada				

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New Hampshire	No	No	New Hampshire's school bus industry is well governed by the Office of Pupil Transportation and the Division of Highway Enforcement. We do occasionally have problems with both the school districts and contractors. The contractors are easier to deal with because you can talk directly to them and you do not have to go through the red tape of a school district. Overall, I think the majority of school bus contractors within this state provide an excellent service to their contracted district.	
New Jersey	No.	The Dept. of Education provides contract instruments and guidelines for districts to use in contracting transportation services. Enclosed are several instruments that we use for contracted services and a copy of our New Jersey Administrative Code 6:21-16, which is a subchapter on transportation contracts. Additionally, enclosed is a copy of		

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		NJSA 18A:39-3 which regulates the advertising and extensions on contracts.		
New Mexico (Telephone Interview)	No	Yes, a model contract can be provided if needed. All contracts go through the DOE office and contracts are monitored by DOE. However, districts do have some flexibility in their contracting.		
New York	Informal statistics are sometimes developed, but not used for comparison purposes, since the statistics are not fair representations.	Enclosed are state prescribed contract and contract extension forms.	School districts in NY State have received efficient and economical transportation from private contractors.	Enclosed are state prescribed contract and contract extensions.
North Carolina	Did not answer.	Yes.		Model contracts and guidelines.

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North Dakota	Reports to the State indicate that it costs more with private contractors than district owned fleets.	Yes.	We have a lot of very small school districts and many times instead of owning their own buses they contract to get away from the daily task of maintaining the buses. They do not have enough buses to justify a bus supervisor. Others contract because of the large capital investment of purchasing buses. Transportation is a school district responsibility. The State makes payments on a mileage basis for districts that provide student transportation.	Model contract.
Ohio (Telephone Interview)		No. School districts are responsible for their own.		
Oklahoma	No.	No.	No.	
Oregon		Sample contracts are available.		

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(Telephone Interview)		Each school district can submit contracts to DOE for review, but it is not mandatory and the DOE's role is primarily advisory. It is the school district's responsibility to make sure contractor's comply with state regulations. School districts may lose reimbursement if contractors fail to comply with these regulations.		
Pennsylvania				
Rhode Island				
South Dakota (Telephone Interview)	In 1988, privately owned buses cost thirty cents per mile more than public buses. South Dakota uses two measures: cost per mile and cost per pupil. Greater costs may be possibly attributed to greater depreciation (due to the newer buses run by			

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	contractors). There is not much consistency nationwide in how costs are compared or with the cost variables used.			
Tennessee	From time to time, the Department completes cost analysis studies at the requrest of local school officials but the results are not binding, i.e., school officials can ignore them if they choose to do so.	No.	Efficiency - I doubt seriously that contract service is anymore efficient than public-ownership. From a practical standpoint, it would appear that public ownership would be more efficient. Better supervision of program personnel, bus route layout preparation and administrative control of transportation equipment would tend to support this thesis. Unionization - Public-owned operations are more susceptible to organized union activity, however, unionization in pupil transportation is rarely a problem in our school systems. We have few problems with unions in our state.	

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			Economy - When all costs of operations, i.e., depreciation and capital outlay requirements, are added to the regular costs of operation, there is little difference in the two plans of operation from a cost per child, per vehicle or per mile basis. The major advantage in favor of contract service is a reduction in administrationve management requirements. The major draw-back is a loss of administrative control over the transporting unit. For the most part, contractors, with the capital to sustain an operation, usually provide superior equipment to that operated in public-owned systems, i.e., their tendency to purchase chrome wheel covers, etc. is usually passed on to the system in the form of higher contract costs. Those operating on a "shoestring" budget often insist on operating inferior equipment trying to protect their "profit margins". Overall public-ownership seems preferable to the majority of our school administrators.	

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Texas (Telephone Interview)	No	No	Texas funds 60 to 70% of districts' transportation costs whether they use contractors or do it themselves. We approve all routes. One or two districts are into computerized routing: Fort Ben Independent School District-Dick Schultz - Tel. (713) 980 -1300;and,Clear Creek Independent School District- Tel.(713) 332-9641. Fort Ben has now gone to three staggered school times with each bus running three routes. Fort Ben cut their bus fleet in one third by going from 2 to 3 staggered times. They also have one third less drivers.Staggering is where the money savings is,but you have got to get parents to agree to it. Rural districts though are hard to stagger.	
Utah	Enclosed are the past three year's	No, the three districts provide	Generally, I have found contracting	Enclosed are the past three

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	cost per student/cost per mile by density groupings.	their own.	pupil transportation services to be more costly than district operated.	year's accident frequency rates and the past three year's cost per student/cost per mile by density groupings.
Vermont				
Virginia	A. Numerous limited comparitive assessments have been prepared by this agency in support of local school districts. The contents of these assessments have changed through the years because of the reducing data base for contract operation. Also, the assessments varied between localities because of local situations. B. The most extensive and intensive comparative study was performed by Norfolk several years ago. If you are interested in a copy of this study, you should contact Norfolk City Public Schools. C. The most prevalent result of all of these reviews was that, generally,	A. None B. Again, we would suggest that you review the Norfolk contract to learn of the complexities involved in administering a contract for school transportation.	A. The accountability for the operation should remain with the local and state boards of education and should not be subject to negotiation with third parties. Adjustments and implementation of countermeasures should not require negotiations. B. Unionization appears to be a definite possibility. There is much experience across the nation, including some in VA, which relates to this item. It has been my impression that South Carolina operates a safe, effective, and economical school	A copy of Virginia's last annual report (1987-88) is enclosed because it illusrates some of the variables among our school divisions and between SC and VA's school transportation programs. Also, a copy of Virginia's regulations and standards are enclosed for informational purposes.

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	the cost of the contract service was 50 to 100% higher than the school board operation.		transportation system. If this is true, should you break it in order to fix it? I am very much aware of the change in your drivers' status and some of the pains which resulted. You can overcome this and gain from it. Bell Schedules and organization should be reviewed carefully in search of increased utilization of drivers and buses, the major keys to an economical operation. I am not familiar with the details of a State operation such as yours; however, the similarity between our programs is apparent. I would describe Virginia's program as locally operated, but highly regulated by the State. There may be some features along this line which you might want to look at.	
Washington	I have already sent you a copy of a study done by the LBC in Washington.	No, not at the present time. We may have such a product by November.	None in addition to the comments you will find in the study I have previously sent to you. I must reemphasize the importance of contract oversight if a school district contracts for transportation	

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			services. School districts must insure that they only contract for enough equipment to get the job done, not whatever the contractor would like to use to get the job done.	
West Virginia (Telephone Interview)	No.	No.	No. The only problem we found was that we inspect a very tight bus due to our mountain roads. The national contractors are not interested in West Virginia due to our bus requirements. They will not buy the type of bus we require.	
Wisconsin				
Wyoming	No. The last district to buy out	No.	No.	

State	Question 5 Have there been any studies or statistics developed comparing the cost of service between public and privately provided school bus transportation?	Question 6 Does the state department of education have any model contracts or guidelines for districts to use in contracting out transportation services?	Question 7 Do you have any other comments concerning the contracting of school bus transportation (i.e. efficiency, impact on unionization, problems resulting, etc)?	Enclosures?
	their contractor felt it was to their advantage to run their own buses. Reimbursement from the state to the district is the same whether they contract or own.			

APPENDIX C

SAMPLE TRANSPORTATION FORMULA FOR SCHOOL BUS CONTRACTS

TRANSPORTATION FORMULA
FOR
SCHOOL BUS CONTRACTS

1988-89

Approved

By

State Board of Education

July 21, 1988

THE DELAWARE DEPARTMENT OF PUBLIC INSTRUCTION

WILLIAM B. KEENE, State Superintendent

JAMES L. SPARTZ, Assistant State Superintendent
Administrative Services

JACK G. NICHOLS, State Director
Finance and School Services

THE STATE BOARD OF EDUCATION

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OFFICERS OF THE DEPARTMENT OF PUBLIC INSTRUCTION
Townsend Building
Dover, Delaware 19903

William B. Keene, State Superintendent
John J. Ryan, Deputy State Superintendent
Henry C. Harper, Executive Assistant
Sidney B. Collison, Assistant State Superintendent
Instructional Services Branch
James L. Spartz, Assistant State Superintendent
Administrative Services Branch

RETURN OF CAPITAL

Return of capital is based on the allowable cost less the salvage value for the bus over a seven-year period. Contract buses may be used which are 12-model years old provided such buses meet safety requirements and are approved by the board of education named in the contract. No capital allowance will be provided for the contractor other than that provided for in the Transportation Formula for School Bus Contracts using the schedule for the model year of the bus specified in the contract. The allowable cost is established for each size bus based on the seating capacity of the bus body using the elementary rating of 13" of seat space per passenger.

For the Fiscal Year ending June 30, 1989, the allowable cost of a new bus purchased by a contractor shall be the FY'88 State bid price for new buses minus 3 percent for salvage value, plus 3 percent for inflation and plus 10 percent to account for dealer charges and profits not reflected in the State bid price due to the higher number of buses being purchased and the lag time between the ordering and delivery. The State Board of Education shall continue to utilize the procedures developed in FY'88 for determining the allowable cost for any size bus that it did not bid in FY'88. In addition to the procedure for establishing the allowable cost of a new bus specified above, the State Board of Education is requested to structure its bids for buses in the Fiscal Year ending June 30, 1989, in such a manner that public school bus contractors will be permitted to purchase buses from the successful lower bidder at the same price as the State of Delaware. If a contractor elects to purchase a bus at the bid price, that bid price minus 3 percent for salvage value will be the allowable cost in subsequent reimbursements to the contractor.

DOCUMENT FEE

A school bus specified in a contract with a public school district to transport public school pupils on a daily basis from home to school and return that is reimbursed on the basis of the return of capital allowance in the Transportation Formula for School Bus Contracts shall be exempt from the Motor Vehicle Document Fee. School buses older than the age specified in the capital allowance schedule at the time it is purchased shall be subject to the full document fee which shall not be reimbursable.

REGISTRATION FEE

A school bus specified in a contract with a public school district to transport public school pupils on a daily basis from home to school and return that is reimbursed on the basis of the Transportation Formula for School Bus Contracts shall be exempt from the Motor Vehicle Registration Fee. A specific form designed for this purpose must be obtained from the transportation supervisor in ~~the~~ school district where the contract is made. The form must be taken to the Motor Vehicle Department at the time of registration to qualify for the exemption. None of the above, however, shall waive the requirement for the safety inspections for such vehicles.

FIXED COST ALLOWANCES

The fixed cost allowance is to provide allowances for all fixed costs, wages, supervision, profit and operation for a regular 30-mile minimum route. The allowances are based on two zones; one, north of the canal; and one, south of the canal.

30/HET

BUS CAPACITY

The four classifications of buses are to establish groups of sizes that are to be used when applying the daily fixed cost allowance and the per mile rate for mileage over the 30-mile minimum. The groupings are: 72-60 passengers, 59-36 passengers, 35-17 passengers, and 16-12 passengers.

MIDDAY ALLOWANCES -- FIXED COSTS

The daily minimum fixed cost operation allowance for midday routes is based on a minimum of 15 miles per day. The per mile rate will be applied to all miles traveled over the 15-mile minimum. Buses operated North of the Canal will receive the allowance for North of the Canal and buses operated South of the Canal will receive the allowance for South of the Canal.

ATTENDANT WAGES

Attendant's hourly wage is established by using the state salary schedule for aides and attendants plus 18.27% for wage supplements. The annual salary is broken down to an hourly rate for this purpose.

LAYOVER RATE

The hourly rate for layover time is established to conform to the Federal Minimum Wage Law plus a wage supplement of 18.27%.

FORMULA REVISIONS

Return of Capital Allowance

Amounts shown reflect allowances for 1988 model buses computed as provided for by legislative action in the Fiscal Year 1989 Budget Act.

Fixed Cost Allowances (30 mile minimum daily)

Amounts shown for North of Canal and South of Canal reflect an adjustment of 3.0% over the previous year's allowance except for the gasoline allowance and for insurance which was adjusted based on rates established through the Insurance Commissioner's Office.

Midday Allowances (15 mile minimum daily)

Amounts shown, exclusive of the gasoline allowance, reflect an adjustment of 3.0% over the previous year's allowance.

Attendant Wages (hourly)

Amounts shown are based on current state salary schedules plus 18.27% for wage supplements.

Layover Rate (hourly)

Amount shown is Federal minimum wage rate plus 18.27% for wage supplements.

Per Mile Allowance

Amount includes driver and maintenance allowance adjusted by 3.0% over the previous year's allowance plus a gasoline allowance of .8275¢ per gallon for 5,000 gallon tank and .8755¢ for 275/1900 gallon tank, excluding federal gasoline taxes, for buses operated North of the Canal; and $.8670 per gallon for buses operated South of the Canal.

State Bid Prices:	North:	Large tank	= .5675¢ per gal.
		Small tank	= .6155¢ per gal.
	South:	Kent-Sus Avg.	= .6070¢ per gal.

ESCALATION OF THE FORMULA

The formula is to be reviewed annually to give consideration to increased or decreased costs.

In the event of a major change in the price of gasoline (minimum annual average increase or decrease of five cents per gallon) during the period from September 1 thru May with an estimate for June, consideration will be given to adjusting the allowance. Adjustments in the gasoline allowance will be made only upon receipt of evidence based on the state bid price supporting such increase or decrease and upon the availability of supplemental funds by the General Assembly to support a proposed increase.

7/21/88
30/HET

CONTRACTOR TRANSPORTATION REIMBURSEMENT FORMULA
1988-89 SCHOOL YEAR

RETURN OF CAPITAL ALLOWANCE (daily)

Capacity	Model Year of School Bus '88	'87	'86	'85	'84	'83	'82
72	29.92	29.37	31.03	29.50	26.15	23.82	20.95
66	29.09	28.91	29.75	28.24	24.69	22.64	19.96
48	30.63	27.57	26.60	25.22	22.07	20.08	18.00
36	29.03	26.67	25.28	23.99	20.99	19.26	17.49
24	32.03	-	-	-	-	-	-
20	26.79	-	-	-	-	-	-
16	23.85	21.04	19.84	18.70	15.46	14.15	13.39
12	-	-	18.80	17.57	15.17	13.69	13.22

FIXED COST ALLOWANCE (30 mile minimum daily)

BUS CAPACITY	(lg. tank) NORTH OF THE CANAL Minimum Daily Rate 30 miles	Per Mile Allowance For Over 30 Miles Per Day	(small tank) *NORTH OF THE CANAL Minimum Daily Rate 30 miles	Per Mile Allowance For Over 30 Miles Per Day	SOUTH OF THE CANAL Minimum Daily Rate 30 miles	Per Mile Allowance For Over 30 Miles Per Day
72-60	$66.25	76.5¢	$66.53	77.4¢	$55.99	77.2¢
59-36	62.96	72.1¢	63.18	72.8¢	53.55	72.7¢
35-17	61.96	69.7¢	62.14	70.3¢	52.52	70.2¢
16-12	55.32	56.6¢	55.48	57.2¢	47.00	57.1¢

MIDDAY ALLOWANCE (15 mile minimum daily)

BUS CAPACITY	(lg. tank) NORTH OF THE CANAL Minimum Daily Rate 15 miles	Per Mile Allowance For Over 15 Miles Per Day	(small tank) NORTH OF THE CANAL Minimum Daily Rate 15 miles	Per Mile Allowance For Over 15 Miles Per Day	SOUTH OF THE CANAL Minimum Daily Rate 15 miles	Per Mile Allowance For Over 15 Miles Per Day
72-60	$23.08	76.5¢	$23.22	77.4¢	$23.20	77.2¢
59-36	21.84	72.1¢	21.95	72.8¢	21.93	72.7¢
35-17	21.21	69.7¢	21.30	70.3¢	21.28	70.2¢
16-12	19.16	56.6¢	19.23	57.2¢	19.22	57.1¢

ATTENDANT WAGES (hourly)

Years	Rate	Years	Rate	Years	Rate	Years	Rate
0	$6.34	3	$6.92	6	$7.50	9	$8.07
1	6.53	4	7.11	7	7.69	10	8.27
2	6.73	5	7.31	8	7.88	11	8.46

Layover hourly rate. . . $ 3.96

*Contractors North of the Canal having 5 or less buses under contract with public school districts may qualify for an added gasoline allowance if approved by the Local and State Transportation Supervisors.

FORM FOR COMPUTING ROUTE ALLOWANCE

School District _____ Contract Number _____ Route Number ____

Chassis: Make _____ Body: Make _____

Year:_____ License Number: _____ Capacity: _____

Route Distance: _____ miles

##########

REGULAR ROUTE

Return of Capital Allowance (daily). . . . . $_____
Fixed Cost Allowance (30 Mile Minimum) . . . . $_____

MINIMUM RATE PER DAY . . . . . $_____

ADDITIONAL MILEAGE

Bus Capacity	Miles Over 30	Per Mile Allowance (over 30 miles)	
72-60	_____ miles x	$_____	= $ _____
59-36	_____ miles x	$_____	= $ _____
35-17	_____ miles x	$_____	= $ _____
16-12	_____ miles x	$_____	= $ _____
			$_____

MIDDAY ROUTE (15 mile minimum)

Route Distance: _____ Miles

Fixed Cost Allowance (15 mile minimum) . . . . . $_____

ADDITIONAL MILEAGE

Bus Capacity	Miles Over 15	Per Mile Allowance (over 15 miles)	
72-60	_____ miles x	$_____	= $ _____
59-36	_____ miles x	$_____	= $ _____
35-17	_____ miles x	$_____	= $ _____
16-12	_____ miles x	$_____	= $ _____
			$_____

ATTENDANT WAGES: _____ hours x $_____ (hourly wage) = $_____

LAYOVER RATE: _____ hours x $_____ (hourly rate) = $_____

TOTAL PER DIEM ALLOWANCE . . . . . $_____

Total Per Diem Allowance $_____ x _____ days = TOTAL CONTRACT $_____

APPENDIX D

SAMPLE REQUEST FOR PROPOSALS FORM AND CONTRACT FOR PUPIL TRANSPORTATION

BID SPECIFICATIONS FOR TRANSPORTATION FOR STUDENTS OF THE PORTLAND PUBLIC SCHOOLS FOR THE SCHOOL YEARS 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

TIME FOR FILING: On or Before 1:15 p.m. - December 18, 1986

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 1, PORTLAND, OREGON

Each Bid, with certified check or bond, is to be filed in a separate envelope, in accordance with paragraph 2.19 of instructions to Bidders, contained in the specifications.

BIDDER'S NOTE: A Pre-Bid Conference is scheduled to be held at 9:00 a.m., Monday, December 8, 1986 in the Board of Directors Room, Blanchard Education Service Center, 501 N. Dixon, Portland, OR 97227. Prospective Bidders are strongly encouraged to attend.

M. J. HUTCHENS, DIRECTOR OF PURCHASING
Administration Building
501 N. Dixon
Portland, Oregon 97227

NAME OF BIDDER: _____

BID SPECIFICATIONS
TRANSPORTATION FOR STUDENTS OF THE PORTLAND PUBLIC SCHOOLS

TABLE OF CONTENTS

INVITATION TO BID FOR TRANSPORTATION FOR STUDENTS OF THE PORTLAND PUBLIC SCHOOLS FOR THE SCHOOL YEARS 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 1
PORTLAND, OREGON

1. ANNOUNCEMENT OF CALL FOR BIDS

Pursuant to the action of the Board of Directors of School District No. 1, Multnomah County, Oregon; taken at the meeting of said Board, held on November 13, 1986 sealed Bids will be received by M. J. Hutchens, Director of Purchasing, School District No. 1, Multnomah County, Oregon, B.E.S.C. Building, 501 N. Dixon, Portland, Oregon 97277 until 1:15 p.m., December 19, 1986 for the purpose of furnishing TRANSPORTATION FOR STUDENTS OF THE PORTLAND PUBLIC SCHOOLS for the School Years 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92, as described in the attached Specifications and Proposal. Copies of Specifications may be obtained at the Business Office, 501 N. Dixon Street, Portland, Oregon 97277. The time and place for the opening of all such Bids is 1:15 p.m. on December 19, 1986 in the Conference/Dining Room, Blanchard Education Service Center, 501 N. Dixon Street, Portland, Oregon 97227, at which time and place all interested persons are entitled to attend the Bid opening.

A pre-Bid conference for all interested Bidders will be held at 9:00 a.m., December 8, 1986 in the Board of Directors Room, B.E.S.C. Building, 501 N. Dixon.

2. INSTRUCTIONS TO BIDDERS

2.1 These specifications call for Bid proposals from qualified contractors to provide student transportation services for School District No. 1, Multnomah County, Oregon, Portland Oregon, styled as Portland Public Schools and referred to herein as the "District".

2.2 Contractors submitting Bid proposals under these specifications will be referred to as "Contractor" and will be bound by such specifications if they receive award as a successful Bidder.

2.3 During the term of this contract, the Contractor shall provide and maintain for the district the number of school buses Bid with drivers to transport conveniently, safely, and legally any and all students and other persons as designated by District. Transportation shall be provided by the Contractor every day that school is convened in accordance with routes, schedules and stops developed and submitted by the District to the Contractor and such other days and at such other times and places as required by District.

2.4 Contractor shall provide all personnel, and personal and real property as necessary for the Contractor to perform student transportation services in accordance with this contract.

2.5 Each Bidder may provide separate Bids to provide student transportation services for the District within two categories:

I. Basic Transportation Services

1. Basic Daily Rate (Three Hours Bus Service)
2. Extended Hourly Rate (Weekday/Weekends and Other Activities)

II. Athletic Transportation Service

2.6 Follow the instructions on each Bid sheet.

2.7 Bidders may Bid upon Basic Transportation Services or Athletics or both. Bidder may qualify a Bid to provide that it will not provide Athletic Transportation Services unless awarded the Bid for Basic Transportation Services.

2.8 Bid costs for student transportation service for OTHER ACTIVITIES, (athletics, field trips and special activities) shall be submitted as required supplements to Bids for the above two categories.

2.9 The District, at its discretion, for exceptional circumstances may award on a selected basis transportation services to another carrier.

2.10 Within ten (10) days after receipt of notice of award, any Contractor to whom an award is made shall execute a formal written contract substantially in the form attached to these specifications and shall furnish insurance in form and with a company satisfactory to the District and a Performance and Payment Bond for the term of the contract in form and with a surety satisfactory to the District in an amount of $1,000,000 for the Basic Transportation Services or the Basic Transportation Services and Athletic Transportation Services or in the amount of $50,000 for the Athletic Transportation Services only for the faithful performance of said contract. The initial bond must cover the first two years of the Contract and may be annually renewable (in form and with a surety satisfactory to the District) in succeeding years.

2.11 Any Contractor or Contractors to whom a Bid is awarded who shall default in executing said formal written contract or in furnishing the satisfactory performance bond and insurance within the time and in the manner required by these specifications shall thereby forfeit its Bid bond as liquidated damages.

2.12 The subsequent re-awarding of the service to another Contractor or Contractors, whether by a single action or by successive actions, shall not release any defaulting Contractor from liability.

2.13 An award to any Contractor shall not constitute a rejection of any other Bids; such rejection shall occur upon signing of the contract and filing the insurance and bond.

2.14 District herein expressly reserves the following rights:

2.14.1 To reject all Bids.

2.14.2 To waive any or all irregularities in the Bids submitted.

2.14.3 In the event only one Bid is received, the District, may at its election, return that Bid unopened.

2.14.4 In the event that two or more Bids shall be for the same amount, to make the award by drawing lots between such Bidders.

2.15 No officer or employee of School District No. 1 has any authority to place any interpretation, either verbal or written upon the specifications as issued or amended by Board.

2.16 All Contractors must be domiciled in the State of Oregon or registered to do business in the State of Oregon and follow provision of Oregon Revised Statute ORS 279.021.

2.16.1 Contractor is an independent Contractor and prior to commencement of work shall file with the District proof that it has complied with ORS 656.029 and ORS 656.126.

2.17 Contractors will be required to certify conformance to the applicable Federal Acts, Executive Orders and Oregon Statutes and Regulations concerning Affirmative Action toward equal employment opportunities. All information and reports required by the Federal or Oregon State agencies having responsibility for the enforcement of such laws, shall be supplied to the District upon request for purposes of investigation to ascertain compliance with such acts, regulations and orders.

2.18 Contract(s) will be awarded based on the lowest responsive priced Bid(s) and information provided in Exhibit D. The determination will be based on the lowest cost per bus for each capacity by considering mixes of the prices Bid for the Basic and Extended Hourly Rates and number of buses "Type (Capacity) of Buses." Examples and explanations by District of computation for award do not apply and shall be considered as examples only.

2.19 All Bids shall be sealed in an opaque envelope and either delivered in person to M. J. Hutchens, Director of Purchasing, School District No. 1, 501 N. Dixon, Portland, Oregon 97227, or if Bids are to be delivered by mail, to M. J. Hutchens, Director of Purchasing, School District No. 1, P.O. Box 3107, Portland, Oregon 97208. The name and address of the Bidder and the title of the Bid must be identical in wording to that appearing on the outside of such envelope.

2.20 A Bid must be filed 24 hours prior to Bid opening. A Bid will not be considered if filed after the hour specified within the advertisement and announcement call for proposals.

2.21 A Bid may be withdrawn by written or telegraphic communication to the Director of Purchasing prior to the time schedules for Bid opening. After that time, a Bid may not be withdrawn and will be considered for award.

2.22 Each Bid must be accompanied with either a certified or cashier's check, payable to School District No. 1, Multnomah County, Oregon, in an amount equal to five percent (5%) of the Estimated One Year Contract Sum, or a Bidder's bond naming School District No. 1, Multnomah County, Oregon as the obligee and to be for not less than five percent (5%) of the Estimated One Year Contract Sum.

2.23 The Estimated Contract Sum is determined by multiplying the Basic Rate for each size bus Bid times the number of buses Bid times 177 times 5. The Estimated Contract Sum is the sum of these products. It does not include "Other Activity" buses.

2.24 The proposal sheets of these specifications shall be signed with ink or indelible pencil as follows:

2.24.1 In the case of an individual Contractor, by such individual Contractor.

2.24.2 In the case of a partnership, the name of the partnership must appear on such proposal and it shall be signed in the name of such partnership by at least one of the partners. In addition to such signature the name of all partners shall be stated in such proposal.

2.24.3 In the case of a corporation, the corporate name shall be subscribed by the president or other managing officer and there shall be set forth under the signature of such officer the name of the office he holds or the capacity in which he acts for such corporation.

2.24.4 Purchasing Department will not divulge names of other Bidders prior to Bid opening.

TRANSPORTATION OF STUDENTS FOR SCHOOL YEARS
1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

BID FORM

TO THE BOARD OF DIRECTORS
SCHOOL DISTRICT NO. 1
MULTNOMAH COUNTY
501 N. Dixon
Portland, Oregon 97227

The Bidder hereby proposes to furnish student transportation in strict accordance with the specifications for the five school years 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92.

BASIC TRANSPORTATION SERVICE

For the Bid proposal, the number of buses required and capacities excluding spares, will be as follows:

Bus Size (Passenger)	# Buses (Per Day)	# Students (Per Day)	# Miles (Per Day)	# Hours (Per Day)	Totals (Approximate) (Per Year)
73/88	4	240	270	20	Annual Miles: 2,867,400 (16,200 x 177 days)
71	100	3,680	6,810	440	Annual Hours: 193,800
65	19	700	1,300	85	(1,095 x 177 days)
36/48 (5WC & Lift)	4	60	270	20	# Buses (Lines): 238
20	96	3,220	6,530	440	# Students (PK-12): 8035
20 (3WC & Lift)	15	135	1,020	90	
Totals	238	8,035	16,200	1,095	

OTHER ACTIVITIES SERVICE

Other activity trips are based upon the following approximations:

Category	# Trips	# Students	Mileage
1. Field trips	2,100	73,000	68,000
2. Outdoor School	300	7,100	17,000

Should additional equipment be required, Contractor shall provide at extended hourly rate.

ATHLETIC SERVICE

Athletic service trips are based upon the following approximations:

	Category	# Buses	# Trips	# Students	Mileage
1.	Athletics	11-20*	1,600	84,000	170,000

*Statement of Requirements:

Eleven (11) buses daily, except on Mondays fewer buses, with the maximum on Thursdays and Fridays. A ten percent (10%) spare factor for coverage of equipment and drivers shall be maintained.

TRANSPORTATION OF STUDENTS FOR SCHOOL YEARS
1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

BASIC TRANSPORTATION SERVICES

BASIC DAILY RATE (3 HOUR MINIMUM)

NUMBER OF BUSES	TYPE (CAPACITY) OF BUSES											
	73/88		71		65		36/48 (5WC & LIFT)		20		20 (3WC & LIFT)	
	RATE	# BUSES	RATE	# BUSES	RATE	# BUSES	RATE	# BUSES	RATE	# BUSES	RATE	# BUSES
1-9	$____	_____	$____	_____	$____	_____	$____	_____	$____	_____	$____	_____
1-19			$____	_____	$____	_____			$____	_____	$____	_____
1-29			$____	_____					$____	_____		
1-39			$____	_____					$____	_____		
1-49			$____	_____					$____	_____		
1-59			$____	_____					$____	_____		
1-69			$____	_____					$____	_____		
1-79			$____	_____					$____	_____		
1-89			$____	_____					$____	_____		
1-99			$____	_____					$____	_____		
1-109			$____	_____								
Total Buses Bid	_____		_____		_____		_____		_____		_____	

Instructions: On the lines above write the price Bid for three (3) hours of bus service.

EXTENDED HOURLY RATE

Bus Size (Manufacturer's Rating)	Weekdays	Weekends
73/88-passenger	$_____ per hour $ _____ per mile	$_____ per hour $ _____ per mile
71-passenger	$_____ per hour $ _____ per mile	$_____ per hour $ _____ per mile
65-passenger	$_____ per hour $ _____ per mile	$_____ per hour $ _____ per mile
36/48 (5WC & Lift)	$_____ per hour $ _____ per mile	$_____ per hour $_____ per mile
20-passenger	$_____ per hour $ _____ per mile	$_____ per hour $_____ per mile
20 (3WC & Lift)	$_____ per hour $ _____ per mile	$_____ per hour $_____ per mile

Instructions: On the lines above write the price Bid for one (1) hour of bus service and for one (1) mile of bus service for each bus size.

Mileage rate does not apply to home-to-school services. When a Contractor is performing other transportation services Contractor may bill the greater of hours or miles.

TRANSPORTATION OF STUDENTS FOR SCHOOL YEARS

1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

ATHLETIC TRANSPORTATION SERVICES

BASIC DAILY RATE (3 HOUR MINIMUM)

# Buses	Bus Size	Weekdays	Weekends
1-3	73-88 passenger	$____ per (3) hours	$____ per (3) hours
1-20	65-71 passenger	$____ per (3) hours	$____ per (3) hours

Instructions: On the lines above write the price Bid for (3) hours of bus service.

EXTENDED HOURLY RATE

# Buses	Bus Size	Weekdays	Weekends
1-3	73-88 passenger	$____ per hr. $____ per mile	$____ per hr. $____ per mile
1-20	65-71 passenger	$____ per hr. $____ per mile	$____ per hr. $____ per mile

Instructions: (1) Contractor may bill the greater of hours or miles.
(2) On the lines above write the price Bid for (1) hour of bus service and for (1) mile of bus service.

☐ Check this box if Bidder will not provide Athletic Transportation Services if Bidder is not awarded contract for Basic Transportation Services.

TRANSPORTATION OF STUDENTS OF THE
PORTLAND PUBLIC SCHOOLS FOR SCHOOL YEARS
1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

M. J. HUTCHENS
DIRECTOR OF PURCHASING
MULTNOMAH COUNTY SCHOOL DISTRICT #1
501 N. Dixon
Portland, Oregon 97227

The undersigned hereby proposes to furnish, within the time specified, the several items hereinbefore listed, to be delivered in accordance with the foregoing specifications hereto attached, for the amount set opposite each item.

Enclosed herewith is Bid Security in the form of a cashier's check _____, certified check _____, Bidder's bond _____ (check applicable clause) in the amount of _____, payable to School District No.1

Bidder acknowledges receipt of addenda _____ through _____ inclusive.

BIDDERS' EMPLOYERS' SOCIAL SECURITY IDENTIFICATION NO. _____

SIGNATURE FOR INDIVIDUAL

Street
Address _____ _____
(Signature of Individual)

Phone _____ Zip Code _____

City _____ State _____

SIGNATURE FOR PARTNERSHIP

Name of Partners:

_____ _____
(Name of Partnership)

_____ By _____
(Signature of One Partner)

Street
_____ Address _____

_____ Phone _____ Zip Code _____

_____ City _____ State _____

SIGNATURE FOR CORPORATION

Street
Address _____ _____
(Corporate Name)

Phone _____ Zip Code _____ By _____
(Signature of Officer/Agent)

City _____ State _____ _____
(Title of Officer or Agent)

4. COST OF SERVICE FOR BASIC DAILY RATE AND EXTENDED HOURLY RATE

4.1 If a bus is scheduled for two (2) or more trips out of the bus lot and return in a day, Contractor shall be paid for a minimum of three (3) hours for such trip at the three (3) hour minimum which is styled the "Basic Rate".

4.1.1 One regularly assigned trip at prime time will be paid 2/3 of the minimum Basic Rate up to two (2) hours service. If extended to more than two (2) hours, all additional time on one trip will be paid at minimum Basic Rate up to three (3) hours. Additional hours will be paid at extended hourly rate.

4.1.2 Two (2) regularly assigned trips, whether A.M. - Noon or Noon - P.M. or A.M. - P.M., will be paid three (3) hours minimum Basic Rate with additional time at extended hourly rate.

4.1.3 Three (3) regularly assigned trips, whether A.M. - Noon - P.M., Noon - P.M. - Activity, A.M. - P.M. - Activity, or any combination of the three, will be paid five (5) hours. The first three (3) hours being paid at minimum Basic Rate and the second two (2) hours being paid at extended hourly rate with additional time at extended hourly rate.

4.2 The Extended Hourly Rate is the rate set out by Bidder for services other than the Basic Daily Rate (i.e., field trips, athletics, and other special activities).

4.3 Trip time in excess of the minimum will be measured to the nearest six (6) minute increment, as reported on the driver's "Daily Bus Report". Over three (3) minutes time shall be rounded to next higher six (6) minute interval. Under three (3) minutes will be rounded down to the next lower six (6) minute interval.

4.4 Overtime rate for periods beyond eight (8) hours shall be the Extended Hourly Rate plus one-half (1/2) the driver's hourly straight time wage rate. Wage rate includes all payroll taxes and insurance benefits paid by employer but does not include an allocation for paid days off.

4.5 Contractor shall furnish the number of buses Bid at the rate Bid. Should bus requirements decrease, the Contractor will furnish buses at that rate for the lesser "Number of Buses" without penalty if the reduction is less than 5% of number of buses Contractor is awarded. Should the bus requirements increase beyond the "Number of Buses" limits specified, a Basic Rate for additional buses may be negotiated or put out to Bid.

4.6 Route time (see also 5.6-D) as used for purposes of determining cost will be measured from the time the bus leaves the Contractor's facility destined for scheduled pickup or delivery of students until return to the Contractor's facility from the trip. Route time does not include fuel, check-in, check-out, clean-up, or D.B.R. preparation.

4.6.1 The route directions shall indicate whether two (2) trips are to be merged (i.e., layover) constituting one trip to be paid at 2/3 minimum daily rate as in 4.1.1, or to be kept separate constituting two (2) trips as in 4.1.2. This determination will be made to merge trips only when it is less costly to the District to do so.

4.7 When routes exceed the minimum, such excess shall be explained on the Daily Bus Report and excess time charged at the Extended Hourly Rate.

4.8 Should the District cancel a route for any reason and there is insufficient time for the Contractor to notify drivers of the cancellation; the District will reimburse the Contractor for actual costs incurred when substantiated by itemized invoice.

4.9 The District reserves the right at anytime to reduce the total number of buses required by reason of changed conditions upon three (3) days written notice. If reduction within any 30 day period exceeds 5% of total beginning number an amount of twenty (20) times the Basic Rate for each vehicle deleted in the period will be paid to Contractor as total liquidated damages.

4.10 District will provide or pay for all fuel used in school buses except athletic buses where Contractor is expected to furnish fuel when operating pursuant to this Contract.

4.11 Rates will be adjusted for the second, third, fourth, and fifth years of this agreement. Adjustments to these Rates shall be the percentage increase or decrease as measured by the "Consumer Price Index for Urban Earners and Clerical Workers" for the United States as reported the previous 12-months period ending May 1 and shall be effective for the next school year.

4.12 "Other Activity Trips" are trips other than for regular to and from school services. Other activities include field trips which are curricular or extracurricular, athletic trips, after school activities, student funded trips or other school events not of a regular nature.

4.12.1 When after school activity routes are assigned on a regularly scheduled basis, this trip then becomes part of the basic assignment and is to be paid as explained in 4.1.3.

4.12.2 Other activity trips may be assigned as the need arises. Extra trips assigned at prime time when equipment and driver is available shall be paid at the extended hourly rate.

4.13 When Other Activity Trips are extensions of regular school transportation routes, District will pay for the total trip at the minimum plus the Extended Hourly Rate for additional time.

4.13.1 The District may contract "Other Activities" student transportation to other carriers during the term of this agreement where availability of equipment and cost best serve the District's needs.

4.13.2 The higher of the per hour extended rate or the per mile rate will be applied to driving time on Other Activity Trips.

4.14 Hourly rates will apply to "Standby Time" which is defined as occuring when a bus with a driver is committed to a particular assignment, and is awaiting instructions to further carry out or complete such assignment, being thereby unavailable for any other assignment during the standby time.

4.14.1 Extended hourly rate will be paid for layover time of driver only when other minimum Basic Rate hours have been met as in paragraph 4.6.

4.14.2 Cost of field standby buses to be borne by Contractor, except when used by District for coverage of District fleet. Cost to District will be at rate bid, with two (2) hour minimum.

5. GENERAL REQUIREMENTS

5.1 Basic (To and From School) Transportation Services

5.1.1 Student transportation services for each school year will be governed by a School Calendar published for the ensuing school year. The Contractor shall transport all students and other personnel during the school year in the manner set forth in this agreement.

5.1.2 The District is the sole authority to direct the time and place of pick-up and delivery of students.

5.1.3 Contractor shall implement bus routes issued by the District Transportation Department developed in cooperation with the Contractor.

5.1.4 Contractor shall not deviate from the schedule and routes issued by the District Transportation Department.

5.1.5 Special Education routes shall ordinarily be based on a fifty (50) minute maximum student riding time where service involves home, school pick-ups and returns. General Transportation and Administrative Transfer students' routes shall ordinarily be based on sixty (60) minutes maximum riding time when service involves neighborhood school to school and return. This maximum riding time may vary where routes involve extended service or where changes in student enrollment due to population shifts make this necessary.

5.1.6 Buses will be scheduled to deliver students to all schools not more than twenty (20) and not less than five (5) minutes prior to the start of class sessions. Students shall be picked up at school not more than 15 minutes after the close of class sessions for return to their bus stops. Class sessions are currently starting between 8:00 a.m. and 9:00 a.m. Class sessions are closing in elementary schools between 2:00 p.m. and 3:15 p.m. excluding noon-time trips for kindergarten and early childhood education students. Individual school start and close times are subject to modification hereafter at the sole discretion of the District and the Contractor will be given appropriate notice.

5.1.7 Student transportation requirements may vary throughout the school year, resulting in adding or deleting buses; and combining or splitting routes.

5.1.8 Contractor shall combine, add, change or delete routes as directed by the District upon three (3) work days advance notification for routine changes. Contractor shall respond to a shorter notification period in situations of an emergency nature or critical to safe, effective operation. In the event the Contractor is late in providing service because of

Contractor deficiency, a deduction shall be made from the monthly invoice in proportion to the charge for the route for the time the bus is late. (See also 5.10-K)

5.1.9 The District may monitor route operations and the Contractor shall adjust routes and loads as directed by the District. In the event the Contractor is late in providing service because of Contractor deficiency, it will result in liquidated damage assessment. (See 5.10.K)

5.1.10 The Contractor shall operate during the inclement weather conditions unless routes are cancelled by the District. Contractor shall provide in a timely manner for appropriate equipment (chains and snow tires) and trained personnel, and shall implement District defined alternate routes as necessary to operate under such conditions.

5.1.11 Persons not students assigned to ride on buses may be permitted to ride the Contractor's buses if previously authorized by the District. These passengers shall be approved on a case-by-case basis and the District Transportation Department will coordinate advance approval and notice prior to such use of the Contractor's buses. Driver shall not permit anyone unless so authorized to be upon a bus.

5.1.12 Contractor shall immediately notify the District Transportation Office in the event of impending delay in providing scheduled service. In the event the Contractor is late in dispatching scheduled service, without such notice, it will result in liquidated damage assessment. (See 5.10.K)

5.2 Special Education (Additional Basic Requirements)

5.2.1 The Contractor will pick up and drop off Special Education students on the same side of the street where they reside. Contractor shall deliver the students to emergency locations whenever directed by the Distict.

5.2.2 The District shall provide the Contractor with names, addresses, number of students, and receiving schools for Special Education students who are to be picked up and returned.

5.2.3 Contractor will maintain updated records on each Special Education student by name, attending school, home address and phone, parent data, emergency information, and annotations on unique problems pertaining to each student, such as behavior, disability, or health. Each driver shall have such information on his/her bus at all times and shall maintain current information. This information shall be guarded as confidential according to Federal and State guidelines implementing PL 94-142 and parallel state statues.

5.3 Other Activities (Additional Basic Requirements)

5.3.1 The District will assign athletic trips, field trips or other activity trips in connection with regular routes wherever practicable. Where not practical to do so, these trips will be assigned based on availability of equipment and least cost to the District. All such trips, including evening and weekend trips, shall usually be arranged and confirmed through the District Transportation Office.

5.3.2 Other activity trips may be assigned by seniority. A senior driver shall only be assigned "Other Activity Trips" if that trip does not conflict with their regular daily route assignment.

5.3.3 The District reserves the right to request either the detainment of the bus and driver at the activity site, or dismiss, with return at a specified time, whichever is the least cost to the District.

5.3-A Athletic Transportation

5.3-A1 Service involves athletic trips which are not accomplished in conjunction with Basic Transportation Services and Other Activities.

5.3-A2 Provisions expressed in general terms in other parts of this contract are expressed specifically here to inform Contractor of particular problems associated with athletic trips.

5.3-A3 Transportation of teams for athletic events shall be scheduled by the District Director of Athletics or his/her designated persons.

5.3-A4 Contractor shall furnish an average of (11-20), 65- to 88-passenger buses to provide the needs of Athletic Transportation; samples of seasonal events will be provided.

5.3-A5 All requirements shall be met in a timely fashion and shall be available at any time needed including weekdays and weekends. Generally the time for pick-up will not be prior to 2:30 p.m. Afternoon same transportation will usually be completed by 6:30 p.m.

5.3-A6 Contractor will be instructed where pick-ups and drop-off of students are to be made. In the case of movements which involve students whose residence is not in the attendance area of high school, Contractor may be required to return students to vicinity of their residences. Any school to residence charges, as part of the Basic Transportation Service, shall be billed to the Transportation Department.

5.3-A7 Billing: Contractor shall bill directly the school or department which places order for school to school movements. There will be a 3 hour basic minimum. Athletic Transportation may utilize the basic 3 hours to its fullest potential and include as many movements as are desirable. Any additional time provided shall be charged to the school or department in increments of 1/10 of 1 hour at the extended hourly rate. Athletic Transportation may assign all movements and retain equipment and driver on site or dismiss whichever is to the advantage of the District.

5.3-A8 All movements within a 30 mile radius of District's center (BESC) shall be computed on hourly rates. Any movements beyond such radius (30 miles) will be computed at rate, hours or miles, whichever is greater. Motor coach equipment outside of contract may be selected when distance of movement warrant such equipment.

5.3-A9 It is desirable that Contractor shall select experienced drivers for all athletic movements, who shall become permanent pool of drivers from whom Contractor will provide drivers to all such movements.

5.3-A10 Cancellations: During Fall and Winter school or department ordering service shall advise Contractor 24 hours prior to any cancelled movement. In the spring when weather conditions can affect cancellations within a much shorter time span, the school or department shall attempt to give the earliest possible notification of cancellation to Contractor. Should Contractor incur cost due to cancellation he may bill at 2 times the extended hourly rate.

5.3-A11 Student Discipline: In cases of student problems, drivers shall notify coaches or other available teaching personnel of respective teams that such problems exist. Only in emergency will drivers be authorized to exercise disciplinary measures to correct student behavior, to preserve safety of the entire team.

5.4 Personnel

5.4.1 The District places upon the Contractor full responsibility for student transportation as a specialized function, the essence of which is for students to be transported regularly, promptly, safely and without interruption or incident, and that the interests of the students take precedence over the

interests of the Contractor, the Contractor's drivers and other personnel. Drivers and all other persons coming in contact with students shall be of stable personality and of the highest moral character. The District places upon Contractor full responsibility to ensure such qualities in those persons.

5.4.2 To the best of its ability, Contractor shall not allow any person to drive a school bus whose moral character is not of the highest level, or whose behavior might expose any student to impropriety of work or conduct whatsoever, nor shall the Contractor allow any person to drive a school bus who is not, at the time, in a condition of mental and emotional stability, physically fit, and qualified to perform such service. [OAR 581-53-006]

5.4.3 Drivers employed by the Contractor shall satisfy all requirements for school bus driver licensing and certification and any other requirements of the State Superintendent of Public Instruction, State Board of Education, and District policies and regulations which apply to persons engaging in transporting students including but not limited to an agility/ physical testing and chemical dependency testing program.

5.4.4 Contractors shall provide a regularly assigned driver to each route. A regular driver, for the purpose of this contract shall be a driver assigned to a specific route(s) at the commencement of each semester and must remain for the duration of a semester. Bidding to another route during that time is prohibited.

5.4.5 Drivers may be transferred among routes by the Contractor whenever the best interest of the students may be served, but the District retains the right to final approval of replacement or transfer of drivers.

5.4.6 Persons who may be employed as substitute or standby drivers shall fully comply with all requirements pertaining to regular drivers. They must have a minimum of six (6) months school bus driving experience and shall pass the geographic test provided by the District.

Substitute drivers include "cover", "on-call", "standby" and those drivers not assigned regular routes but drive as back-up when needed.

5.4.7 Contractor shall make its best efforts to hire school bus drivers and other personnel with previous school bus driving or school transportation experience or having good aptitude for training.

5.4.8 Contractor shall provide Bus Driver Information Reports to the Transportation Department prior to the start of school and with twice-monthly updates, as required by the District. Failure to submit these in a timely fashion will result in liquidated damages. (See 5.10.K)

5.4.9 Contractor in hiring drivers shall give preference to drivers with favourable previous Portland school bus driving experience giving special consideration to student management and employer-employee relations. For home to school, school to school, school to home, and other activities, Contractor shall pay: beginning drivers not less than $5.50 per hour; to drivers with one year of Portland Public Schools school bus driving experience $6.00; with two years experience $6.50. This will ensure continuity of current standards by skilled personnel.

TABLE OF DRIVER WAGES

0 year's experience	$5.50 per hour
1 year experience	$6.00 per hour
2 years' experience	$6.50 per hour

5.4.9.1 Contractor agrees to develop and implement wage schedules that give consideration to the average annual change in the United States Consumer Price Index for Urban Wage Earners and Clerical Workers, for all items published by the U.S. Department of Labor, Bureau of Labor Statistics.

5.4.10 Contractor shall have hired, completely trained and certified all drivers necessary to fulfill the total requirements of this Contract: this shall include not less than 15% on-site substitute drivers. These requirements shall be met three (3) days before school opening and maintained throughout school year. (See 5.10.K)

5.4.11 The responsibility to determine which persons are to be hired and discharged rests entirely upon Contractor. The Contractor shall not enter into any agreement or arrangement with any employee, person, group or organization which will interfere with Contractor's ability to comply with the preceding personnel requirements. The District Transportation Director may by written order to the Contractor cause Contractor to remove from any or all jobs any person who is deemed not of appropriate personality, character, or temperament to operate a school bus or perform other services affecting children and school bus operations.

5.5 Safety Training

5.5.1 Contractor school buses shall be operated only by trained and competent persons holding valid District school bus driver certification. All drivers shall be trained and licensed to operate the Contractor's 71-passenger vehicles. Contractor

shall provide drivers' training supervised by a minimum of six (6) State Certified driver trainers. These driver trainers shall participate in District/State conducted training workshops to be held prior to school opening and during the school year.

5.5.2 Other compulsory in-service classes for Contractor drivers and trainers may be held at the discretion of District.

5.5.3 All drivers shall "dry-run" their routes before the start of the school year and, if necessary, again prior to resumption of school following the Christmas holiday break. Costs at the contract rates for these two "dry-runs" will be shared equally by the Contractor and district. All drivers, prior to being assigned or reassigned on a regular basis, shall be required to "dry-run" their route(s) to ensure complete familiarity with route operation.

5.5.4 First-year school bus drivers shall receive no less than sixty (60) hours training which includes thirty-six (36) hours of pre-service training and thereafter twenty-four (24) hours of in-service training in accordance with published District standards or such other requirements as imposed by the Oregon State Board of Education. This training includes that of 5.5-A, 5.5-B, and 5.5-C published District standards and those of the Oregon State Board of Education. Driver time required for State training requirements announced after Bid opening which results in more driver time than provided herein will be paid by District at Wage Rate (4.4).

5.5-A Special Education: All drivers, including substitutes shall receive six (6) hours of student management training consisting of "Specialized" training, i.e., Special Education and Administrative transfer, etc., conducted by the Contractor prior to school opening and again during school. Contractor shall ensure that the regular driver or standby driver of regular to and from service will have attended this prescribed training.

5.5-B OMIT

5.5-C Monthly Driver Training Meetings: The Contractor shall hire or independently contract qualified driver trainer(s) to administer a Safety Program. This program will include, but not be limited to, regularly scheduled monthly meetings for drivers. Contractor will conduct a minimum of six (6) driver training meetings each school year and attendance is mandatory.

5.5-C1 Rosters of drivers scheduled to attend safety meetings, together with the agenda of matters covered, shall be submitted to the District by the Contractor at least five to ten (5-10) days prior to each meeting which may be scheduled at dates, times, and places at the discretion of the Contractor. Failure to provide such information shall be subject to assessed liquidated damages. (See 5.10.K)

5.5-C2 OMIT

5.5-C3 Driver trainers shall ride with every driver at least once each semester to evaluate driving practices with respect to safety, mechanical operation, and conformance with applicable laws, rules and regulations and adherence to specified route schedules and methods of student management. In addition, the District may at any time, have a representative ride with any driver of the Contractor for the purpose of observation to assure compliance with the terms and conditions of this agreement. Failure to complete check rides semiannually shall result in liquidated damages. (5.10.K)

5.5-C4 The Contractor shall provide necessary staff/driver personnel and equipment to conduct semi-annual student emergency evacuation drills (S.T.O.P.P.S.) at times specified by the District. Failure to comply shall result in liquidated damages. (5.10.K)

5.5-D Student Management and Discipline: Student management and discipline is primarily the responsibility of the receiving school principal. The bus driver has cognizant responsibility for student management during the bus ride. The driver shall adhere to published District criteria for student management in dealing with student behavior while in or about the bus.

5.5-D1 Drivers may not eject a student from a school bus. Should unmanageable student behavior occur enroute, the driver shall pull off the road and try to control situation. If necessary, driver shall call Central Dispatch for assistance and authorization to proceed to nearest school for assistance by building administrator.

5.5-D2 The District may assign bus aides to some routes from time to time.

5.6 Equipment

5.6-A Condition and Maintenance: Contractor shall maintain all school buses and other equipment used to provide student transportation service in strict accordance with minimum State and Federal specifications and District required standards for school buses as set out in Exhibit A, Bus Specifications, which is hereby incorporated. Such equipment shall be maintained in good mechanical and operating order at all times, so as to successfully pass required bus inspections. The buses shall be kept clean, free of body damage including minor dents and paint scrapes of a cosmetic nature. All repairs to be made within 15 days of occurrence. Bumpers and wheels will be cleaned as needed to retain a fresh, clean appearance. Non compliance subject to liquidated damages. (5.10.K)

5.6-A1 Inspection/Certification Reports: All buses shall be inspected twice during the school year by such inspection agent as the District may designate. The District will notify Contractor in writing of the time and place for such inspection. Prior to District certification, Contractor shall pre-inspect all buses and provide the District complete copies of the Oregon Annual Vehicle Inspection/Maintenance and Certification (Forms 2255 and 2256). Contractor shall correct all discrepancies within two weeks and notify the District in writing of the same. Non compliance subject to liquidated damages (5.10.K)

5.6-A2 The District reserves the right to inspect at any time any and all buses used in furnishing student transportation services, the facilities for maintaining buses, and the areas of operation.

5.6-A3 Throughout the term of Contract, Contractor shall utilize only vehicles including spares of various ages as shown below. Age shall be determined by body manufacture date. No equipment shall be older than five (5) years at the onset of this Contract. Any subsequent used equipment to be utilized for this Contract shall also not be beyond five (5) years of age. All used equipment shall be approved by both State Department of Education and the District.

MAXIMUM YEARS OF UTILIZATION

TYPE I		TYPE II
Transit Diesel	Conventional Propane	Dual Rear Tires
15 yrs.	12 yrs.	10 yrs.

5.6-A4 Buses will be identified by line number with signs securely affixed in the right front window and window next to front entrance door. Signs will be black stenciled lettering on white material of sturdy construction and will be no less than 4" x 5" in size and letters printed a minimum of 3" high, or other method approved by District.

5.6-A5 Bus Markings: Buses will be equipped with retroflective yellow beltline strip, and "SCHOOL BUS" marking front and back.

5.6-B Bus Availability: Spare buses are defined as vehicles used as a temporary replacement for a regular bus for reasons of breakdown, maintenance or emergency. Contractor shall keep ample spare buses and other equipment available to ensure that Contractor can provide uninterrupted student transportation service. Contractor shall have a minimum ten percent (10%) spares for each capacity vehicle necessary to provide backup

support in cases where normally assigned vehicles are rendered inoperable. Spare buses shall meet the same requirements for buses and equipment as set forth elsewhere in these specifications.

5.6-B1 Contractor shall provide and assign to the District six (6) field standby 65/71 passenger buses and drivers to respond to emergency backup services over and above the ten percent (10%) in-house standby/spare bus needs. Two buses will be required for three (3) months as designated by District. Four buses are required for entire school year.

5.6-B2 Contractor shall provide and operate sufficient vehicles to comfortably and safely transport students. Contractor shall, by May 1, 1987, provide written lists of contract buses to be used or a letter from a manufacturer committing that buses will be available in Portland, Oregon by July 15, 1987.

5.6-C Bus Capacities: Contractor shall provide sufficient vehicles so as to assure adherence to prescribed seating capacity as is set forth by the District Transportation Department. The District may decrease or increase the number of students assigned to a vehicle when deemed in the best interest of the District and the students. Following is a guide to seating capacity requirements:

MANUFACTURER'S "RATED" CAPACITY

	88 Pass	71 Pass	65 Pass	48 Pass	20 Pass
	Effective Actual Capacities to be Used				
Grades					
9-12	60	48	42	32	14
4-8	66	53	57	37	14
K-8	80	67	60	42	16
K-6	88	71	65	48	20

5.6-C1 Contractor shall use bus sizes as prescribed by the District. If bus is not used to reasonable capacity, Contractor shall advise District in writing and recommend a more suitable sized bus.

5.6-D Support Facilities, Equipment and Personnel: Contractor shall provide by July 1, 1987, necessary parking, shop, and other support facilities and equipment at appropriate locations in or near the areas served, and shall have all support personnel hired and trained. The District reserves the right to approve parking, shop, and other facilities location(s). Location of facility shall be inside the District boundary. If an out of District location is approved by the District, trip time shall begin and end when the vehicle crosses the District's boundary using the most direct route between the first stop and the last stop and the facility.

5.6-D1 A facility will be judged adequate if it efficiently provides (1) space to park and maneuver the number of buses assigned, (2) fuel storage and distribution, (3) maintenance space and equipment, (4) telephones in the number necessary with an overnight answering (message) service and PLT (Hotline) to Central Dispatch, (5) training facilities, and (6) improved space for management staff; all as required to assume continuity of prompt, efficient service.

5.6-D2 "Park-out" buses and locations must be authorized by the District according to "Park-out" guidelines. Overnite "park-outs" are not allowed.

5.6-D3 Contractor shall have resident at their facilities a competent manager between the hours of 8:00 a.m. and 5:00 p.m. The manager shall be authorized to act on behalf of the Contractor. Contractor shall provide sufficient support staff during the hours of 6:00 a.m. and 6:00 p.m. or beyond on school days and on weekends and holidays, if requested by District. Support staff shall include manager, field supervisors, trainers, clerks, dispatchers, maintenance personnel, etc., and are subject to District approval.

5.6-E Required Modification of Equipment: Installation or modification of equipment shall be made as required by a change in law, rule or regulation of the State and Federal Government, or as directed by District after the execution of this agreement. District shall reimburse Contractor for such required costs, prorata as follows:

$$\text{Cost of Installed Equipment} \times \frac{\text{Number of Months To End of Contract}}{\text{Equipment's Total Remaining Useful Life in Months}}$$

Reimbursement shall be made only for those buses currently being used as regular or standby buses by Contractor to perform this agreement at the time said installation or modification is made. Any buses later acquired by the Contractor to perform the terms of this agreement shall have said equipment installed or be modified at Contractor's sole cost prior to those buses being put into service to perform this agreement.

5.6-E1 Contractor shall be allowed to install, use and maintain District-owned radios which when provided will be in good working order. As replacement radios are required it shall be at the Contractor's expense. Used radios shall be carefully removed from vehicle and returned to District.

5.6-E2 If during the period of this Contract the State requires "Stop Arms", Contractor shall provide these at no cost to the District.

5.7 Report Requirements

5.7-A Discipline and Health: Contractor shall provide the District within twenty-four (24) hours student incident reports of behavioral, disciplinary, or health problems which arise during bus trips. (See 5.10.K)

5.7-B Accident: Contractor shall notify the District Transportation Director immediately by telephone of any vehicle accident or injury, in accordance with published District guidelines. Contractor shall forward within twenty-four (24) hours of each accident where an injury is sustained, a written report describing all details of such accident. All other accident reports shall be submitted within forty-eight (48) hours of each accident and filed according to State law and regulations. District shall pay to drivers hourly straight time wage rate (See 4.4) for driver time required by Safety Review Board. Failure to comply in a timely fashion may result in liquidated damages. (See 5.10.K)

5.7-C Daily Bus Report (DBR) and Speedograph Charts: Contractor shall use and have drivers complete a Daily Bus Report (DBR) and Speedograph charts. These reports shall be completed for each individual bus movement by date and route and shall be sent to the District weekly in line number sequence. Failure to comply will result in liquidated damages. (See 5.10.K)

5.7-D Bus Driver Information Reports: Contractor shall provide Bus Driver Information Reports to the Transportation Office prior to the start of school and with twice-monthly updates, as required by the District. The report shall contain such information as, but not limited to, drivers names, dates of birth, dates of license issuance and expiration, bus to which assigned, and dates and types of training. Failure to comply will result in liquidated damages. (See 5.10.K)

5.7-E Bus Breakdown Reports: Contractor shall provide bus breakdown information by the fifth of each month. Failure to comply may result in liquidated damages. (See 5.10.K)

5.8 Hold Harmless:

5.8.1 The Contractor shall defend, hold harmless and indemnify the District from every claim or demand which may be made by reason of:

5.8.1.1 Any injury to person or property sustained by the Contractor or by any subcontractor or other person employed directly or indirectly by the successful Contractor upon or in connection with the work, however caused.

5.8.1.2 Any injury to person or property sustained by any person -- including the District -- caused by an act, neglect, default, or omission of the Contractor or any subcontractor or other person employed directly or indirectly by the Contractor upon or in connection with the work.

5.8-A Insurance: The Contractor shall provide liability insurance, which shall at all times insure the Contractor and the District, their officers, employees and directors, as named insured against any loss by reason of liability imposed by law for damages. Contractor shall at all times insure its motor vehicles and persons against any loss by reason of liability imposed by law for damages for:

5.8-A1 Bodily injuries to any person or persons. The limit of liability for injuries to or in the death of one person to be not less that $5,000,000. For injuries to or in the death of more than one person the liability to be not less than $5,000,000.

5.8-A2 Damage to property including loss of use of said property. Limit of liability for damages to property to be not less than $2,500,000 for each accident.

5.8-A3 The company with which such insurance is placed must be rated at least "A" by "Bests" and be registered with the Oregon Insurance Commission. The successful Contractor shall file a certificate of insurance with endorsement approved by the District with the District Transportation Department, and shall maintain in force such certificate of insurance at all times during the life of the contract. This certificate shall be reviewed annually and be filed with the District Transportation Department on or before July 1 each year. Contractor shall not be permitted to engage in transporting students unless certificates of insurance are in force. The certificate of insurance shall carry an endorsement provided by the District (Exhibit C).

5.8-A4 Prior to commencement of service under this contract, Contractor shall provide District with evidence that it has complied with the requirements of Oregon statues regarding workers' compensation insurance and that compliance shall continue throughout the term of this Contract.

5.9 Force Majeure:

5.9.1 It is agreed by the parties that in the event the Contractor is unable to provide transportation services as herein specified because of Acts of God, fire, riot, war, picketing, civil commotion, strikes, labor disputes or any other similar condition, commandeering of materials, products, plants or facilities by the government, the District may at its option excuse the Contractor from performance hereunder, and at its option cancel this contract, when satisfactory evidence thereof is presented to the District; provided that it is satisfactorily established that the non-performance is not due to the fault or neglect of the Contractor.

5.10 Miscellaneous

5.10-A Independent Contractor: Contractor is an independent Contractor responsible to furnish transportation only, which transportation shall be furnished pursuant to this contract, and neither Contractor nor any agent, officer or employee of Contractor shall be held or deemed in any way to be an agent, employee, officer or official of District. Contractor will be solely responsible for Contractor's acts and for the acts of Contractor's agents, officers, and employees during the performance of this agreement, and at all other times, and District shall have no power or control pertaining to the acts of any said persons.

5.10-B Subcontract Assignment: Contractor shall not assign or subcontract this contract or any interest, activity, or duty to be performed under this contract. Any such assignment or subcontract whether voluntary, involuntary or by legal proceeding, shall cause this contract to be subject to termination by District without penalty of any kind and without waiver by District of any right of an action because of default, including said assignment or subcontract.

5.10-C Employment Practices: Contractor shall make payment promptly, when due, to all persons supplying labor or materials or services for prosecution of work provided for in this contract, all contributions or amounts due the State Industrial Accident Fund, and all contributions or amounts due the State Unemployment Compensation Trust Fund, incurred by Contractor or subcontractor in the performance of this contract, and shall make payment promptly, when due, to the Department of Revenue all sums withheld by Contractor or subcontractor from employees pursuant to ORS 316.177 in the performance of the Contract. Contractor shall not permit any lien or claim to be filed or prosecuted against the District on account of any labor or material furnished. Should Contractor fail, neglect, or refuse to make prompt payment of any claim for labor or services furnished by any persons in connection with this contract as said claim becomes due

(whether said services and labor be performed for said successful Bidder or subcontractor), the proper officer representing the District may pay such claim to the person furnishing such labor or services and charge the amount against funds otherwise due the Contractor. Payment of any such claim in this manner shall not relieve the Contractor or his surety of obligation with respect to such claims.

5.10-C1 Contractor shall comply with all applicable State and Federal laws, and all applicable rules and regulations of any public agency, including but not limited to, the Oregon State Board of Education, and the Office of the State Superintendent of Public Instruction. Should Contractor violate or fail to comply with any of the foregoing, with the result that any penalty is imposed against the Contractor or the District, or there is a reduction or nonpayment to District of any state transportation reimbursement, or of state basic school support, or any state or Federal financial support or other aid of any kind, then Contractor shall be liable to District for any penalty charged or reimbursement reduction imposed upon the District, and shall compensate District in full for any loss.

5.10-C2 Contractor shall comply with all policies, rules and regulations of District applicable to Student Transportation.

5.10-D Cancellation: If Contractor's performance on particular routes is unsatisfactory for a period of five (5) days, District may cancel such route(s) or portions thereof and award them to another carrier, or operate them with District equipment. Contractor shall be liable to District in damages for such unsatisfactory performance. (See 5.10.K)

5.10-D1 Should Contractor fail to comply with any of the terms or conditions of this agreement, or should District determine from Contractor's total performance that Contractor is unfit, unqualified or unable to meet the student transportation needs of District as required by this agreement, then this agreement may be cancelled in its entirety by District at any time upon thirty (30) days prior written notice to Contractor.

5.10-D2 Not withstanding the foregoing periods for notification to enforce a right, District at its option may exercise any of its rights under 5.10-D and 5.10-E with 24-hour notice, if it is necessary in order to assure that reasonably reliable student transportation is available to the District.

5.10-D3 The District reserves the right to terminate or drastically modify continuing transportation of students as specified in the event of a levy failure or other voter action limiting or reducing the power of the District to levy taxes. Contractor shall be compensated for such termination or modification at the rates set forth in paragraph 4.9, which sum shall be the

total liquidated damages for the termination or modification. In the event that Basic Transportation Service requirements, because of the provisions of this paragraph or paragraph 4.5 or paragraph 4.9, is reduced below 190 (approximately 20% reduction) buses, Contractor at its option may terminate this Contract.

5.10-E Acquisition of Buses: Should the cancellation or termination of this agreement become necessary because of Contractor non-performance, except as described by 5.9.1, the District will provide or furnish transportation services itself or by contract, and District will require buses, real property, and other facilities and property for student transportation.

5.10-E1 Therefore, upon cancellation or termination of this agreement under any of its provisions on thirty (30) days written notice, District may buy or lease from Contractor, and Contractor agrees to sell or lease to District, any or all regular services and spare buses, which as of the date of delivery or said thirty (30) day notice of cancellation from Ditrict to Contractor are then being used by Contractor. The price for said buses shall be determined by appraisal of the actual cash value without any assignment of any value for a "going concern or group lot". The choice from among the various methods, as set forth below, by which District may acquire or lease said buses and any or all of the following, will be determined at the sole discretion of the District.

(1) Outright purchase of any or all of the buses; and

(2) Lease, at District's sole discretion, of any or all of the buses over a period or periods of up to five (5) years, any said periods to be in the sole discretion of District.

5.10-E2 In the event District exercises the said option to purchase or lease any or all of Contractor's buses, the actual cash value, at date of notification shall be used for valuation purposes and shall be determined by appraisal by three appraisers, one to be selected and paid by District, one to be selected and paid by Contractor, and the third by the two said appraisers with the payment for the third appraiser to be equally shared by the Contractor and the District. The value of each vehicle shall be established by majority vote of the three appraisers. The appraisers shall determine lease payments on any lease using said value. District may reject appraisers report as to the lease or purchase price within 15 days of receipt and such rejection shall work to forfeit District's right to the lease or the purchase.

5.10-F Inspection of Records: The District has the right to inspect the Contractor's records at any time to verify the accuracy of the information and data used to compile and calculate billings. This right may include an annual audit within the scope of this Contract.

5.10-G License Laws, Permits and Regulations: Contractor and all Contractor's employees, agents, shall secure and maintain in force such licenses and permits as required by law to furnish transportation and other services required herein, and shall comply with and observe all provisions of the laws of the State of Oregon and any jurisdiction, State or Federal, as applicable, and the rules, regulations, and directives of the State Superintendent of Public Instruction and State Board of Education, and those of any other governmental agency as appropriate, and the policies, directives, rules and regulations and the like of District which relate to the transportation of students or other activities taking place pursuant to this agreement.

5.10-H Payment for Services: District shall make payment at the rate stated in the Contractor's Bid for student transportation service rendered, based upon monthly invoices submitted by the Contractor. The invoice shall give a breakdown of the school(s) and equipment capacities utilized, the applicable rates stipulated in this agreement for such service, and the total amount claimed for such services. Time utilization shall be based on the elapsed time out of the yard facilities and return, as indicated on the "Daily Bus Report". Invoices shall be presented to the Transportation Department as follows:

(1) Forty percent of the previous month net approved payment shall be invoiced on the 20th of the month for service performed in that month for approval and payment ordinarily on or before the tenth of the following month.

(2) Invoice shall be presented by the fifth day of each month following the month of service for approval of payment ordinarily on the 20th of the month. The invoice shall be for the total earned for services in the prior month less the amount approved by District for payment on the mid-month (10th) invoice.

5.10-I District will reimburse Contractor for all fuel for buses used in performance of this agreement. Contractor shall keep accurate records as to the use of fuel in each route bus, furnishing the District monthly reports as to the exact amount of fuel delivered, used in operations, and remaining on hand at the end of each month. District shall have the right to inspect and audit relevant records of the Contract (including records of non-District bus usage in the Portland area) to verify fuel usage and consumption. District reserves the right to designate fuel supplier or supply the fuel. Cost of tank and fueling facility to be borne by Contractor. Storage tank to be of sufficient size to accept truck and trailer load deliveries.

5.10-I-1 All buses, except transit-type buses, used in the performance of this Basic Transportation Contract must be fueled by propane.

5.10-1-2 The District expects its Contractor to make every effort to obtain optimum fuel efficiency in its bus fleet. To this end, Contractor-provided information on proposed mileage by bus size, and fleet average will be considered in award. As an incentive to optimize fuel efficiency, Contractor will be rewarded with cash incentives for attaining greater fuel efficiency and charged for poor performance. The following formula shall be applied to determine whether fuel consumption by Contractor fleet has achieved an improved consumption over proposed consumption or has fallen short of proposal.

$$\frac{\text{Actual fleet miles/gallon - Proposed fleet miles/gallon}}{\text{Proposed fleet miles/gallon}} = \pm \%\text{ of FMPG}$$

Contractor is allowed a plus or minus 3% variable between proposed miles/gallon and actual miles/gallon to account for fluctuation in consumption due to seasonal impact. Increases or decreases in fuel use between 3% and 10% will be subject to a 10% incentive or deduction based on a prorata basis of total fuel cost of any given month. Increases or decreases greater than 10% are subject to 25% incentive or deduction based on prorata basis of total fuel cost of any given month.

GLOSSARY:

1. FMPG = Fleet Miles Per Gallon (Contractor proposed)
2. Actual Fuel Cost = Actual gallons used x cost per gallon
3. Proposed Fuel Cost = Actual miles driven : (proposed FMPG x Cost/gal)

IF the percentage above is PLUS

Proposed Fuel Cost - Actual Fuel Cost = Variance

IF the percentage above is MINUS

Actual Fuel Cost - Proposed Fuel Cost = Variance

Variance x appropriate percentage (10% or 25%) = Incentive or Deduction

5.10-J Public Relations: Contractor shall cooperate with the District to establish and maintain good public relations with the community and news media. The District reserves the right of prior approval of news media material regarding pertinent matters affecting the transportation services or patrons of the District.

5.10-K Liquidated Damages: It is agreed by the Contractor and District that:

5.10-Ki Prompt and safe transportation of students to schools and to their homes is essential for students to benefit fully from their school experience, while minimizing the burden to students, their families and school staff.

5.10-Kii From the nature of the services to be rendered it would be impractical and extremely difficult to fix the actual damage under the Contract.

5.10-Kiii There shall be assessed as liquidated damages, but not as penalty the amount(s) set out below. Radio log/recordings will be used as verification.

(1) $50.00 shall be assessed for each incident of the following:

(a) Morning trip missed or exceeds 10-minute delay.

(b) Noon trip missed or exceeds 10-minute delay.

(c) Afternoon trip missed or exceeds 10-minute delay.

(d) Seatbelts/Restraints or wheelchair tie-downs not provided for a Special Education bus.

(2) $25.00 charges shall be assessed for each incident of the following:

(a) A late bus, due to need to refuel or because it runs out of fuel or breakdowns due to contractor's negligence.

(b) A driver is used on a Special Education route or other route who is not properly trained and/or who fails to operate equipment properly.

(c) Driver misses stop or fails to pick up or drop off student(s).

(d) Failure by Contractor employees to immediately follow District-prescribed procedures for reporting breakdowns, accidents, buses out of service, buses being placed back into service, late buses, cover, relief, or standby drivers on route or to submit proper/complete reports, i.e., as shown in 5.6.A and 5.7.A-E.

(e) Use of bus disqualified for service by District before it is reinspected and approved by District. Two weeks is maximum repair period.

(f) Failure to repair defects found during annual/ semi-annual inspection within two weeks.

(g) Use of driver who has not completed District and/or State-required training.

(h) Use of unqualified bus driver (e.g., not licensed for equipment driven). All drivers are subject to semi annual checkrides to be evaluated.

(i) Failure of driver to report for and/or execute District-mandated safety exercise for students (S.T.O.P.P.S.).

(3) $15.00 charges shall be assessed for each incident of the following.

(a) Use of bus driver to cover two routes assigned by District to the Contractor with the intention of a driver for each route.

(b) Failure of a driver to keep up-to-date route cards or route description.

(c) Failure to repair and maintain torn seats within three work (3) days.

(d) Failure to clean a dirty bus (interior and exterior) within twenty-four (24) hours of notice.

(e) Failure to display line numbers as specified. (See 5.6.A.4)

(f) Switching regular route driver to temporary assignment (field trip/charter) and covering regular driver route with substitute driver.

(g) Failure for a lost driver to call Central Dispatch.

Damages for trip delays which are in the sole judgement of the District clearly and unquestionably caused by factors totally beyond the control of the Contractor will be waived by the District.

The above damages are cumulative if a single incident, includes more than one category.

EXHIBIT A

BUS SPECIFICATIONS

ITEM 1 - SCHOOL BUSES: 20-passenger buses and 20-passenger base equipped with lift to accommodate three (3) wheelchairs.

Chassis and Body Minimum Requirements:

1. School buses must meet or exceed all applicable requirements of Federal, State, or local statutes or regulations.

2. The successful Bidder will be responsible for having the school buses approved by the State Department of Education.

3.	G.V.W.R.	Minimum 8,000 lb.
4.	APPROX. WHEELBASE	Minimum 125 in.
5.	ENGINE (minimum)	300 C.I.D.
6.	REAR AXLE	Minimum 5,000 lbs. rear
7.	FRONT AXLE	Minimum 3,300 lbs. front
8.	TIRES & WHEELS	All tires shall be radial-ply construction. Wheels as required by Federal standards and manufacturer, to provide G.V.W.R. specified above. Rear tires to be mud and snow siped tires.
9.	BRAKES	To be approved by the State Department of Education. Brakes to be actuated by dual master cylinders, with each serving two wheels.
10.	ELECTRICAL	Manufacturer's largest available alternator up to 90 amp. with 110 amp. hour battery. Head lamps, dash lamps, front turn signals with indicators in instrument panel, and self-cancelling steering post control.
11.	EXTERIOR MIRROR	Two exterior rear view mirrors shall be mounted, one to left and one to right of driver. Area of each mirror shall be not less than 40 square inches overall. Each mirror shall be firmly supported and adjustable to give driver clear view to the left and right rear of vehicle.
		An adequate interior mirror shall be provided.

12. MUFFLER — Exhaust pipe and muffler shall be manufacturer's standard. Aluminized.

13. IDENTIFICATION — All statutory and regulatory requirements of the State of Oregon.

14. INTERIOR HEIGHT — Minimum 60 inches floor to ceiling, measured at the aisle.

15. SEAT SPACING — Spacing under Federal regulations allows seating of 20 passengers. Seating shall comply with seating reference point requirements.

16. SEATS — Seat frames securely fastened to both sidewalls and floor. Seat cushions and back padding to be solid high density foam. Seat back crash pads shall be at least one inch in thickness and covered with the same material as the seats, from and including the top rail to seat cushion. Push button-activated seat belts must be furnished for each passenger and wheel chair station. Driver seat belt required.

17. FLOOR — Floors covered with fire resistant rubber, with a minimum thickness of .125 inch in the underseat, wheelhousing, and rivet area. Aisle and stepwell covered with wear-resistant, non-skid rubber. Rubber stepwell covering including top floor edge and extending down the vertical surfaces at least one inch. White nosing shall be an integral part of the surface covering.

18. WINDOWS & WINDSHIELDS — Safety plate knockout-type tinted windshield, side windows with required emergency exits.

19. HEATERS — Heaters shall be capable of maintaining an inside temperature of at least 50 degrees Fahrenheit at average minimum January temperatures, as established by U.S. Weather Bureau for this area.

Defroster system shall be of sufficient capacity to keep windshield reasonably clear of fog, ice, and snow.

20. SUN VISOR — Manufacturer's standard.

21. DOORS — Body equipped with interior foam padded head guard over entrance door.

22. LIGHTS — All lamps on exterior of vehicle shall conform with and be installed as required by Oregon Motor Vehicle law and the Federal Motor Vehicle Safety standard 108. Eight-lamp system including monitor panel.

23. PAINTING & PANELING — Exterior surfaces finished in National School Bus Yellow Chrome with Black trim.

24. CONSTRUCTION — First line body to meet or exceed all Federal and State regulations for school buses.

Special Features Required by District:

1. WHEELCHAIR LIFT — A fully or semi-automatic electro-hydraulic powered lift, with a minimum tested net load capacity of 700 lbs., and shall be totally self-contained and installed without modifications to the vehicle body or frame at the curbside special service doors. The lift shall be of welded steel construction and shall operate from the vehicle's electrical system.

   The platform shall have a SAF-T-STOP at its outer end to prevent the wheelchair from rolling off the platform. A cutoff shall be provided to stop platform travel when it reaches ground level, to minimize lifting or jacking of the vehicle.

2. WHEELCHAIR RESTRAINERS — Aeroquip Logistic "E" Rail with FE200 series tie-down straps or equal shall be utilized. Sufficient equipment for a four-point tie down shall be provided for each wheelchair station. Three (3) sets to be provided for each lift-equipped bus.

3. MPH SPEEDOGRAPHS — Argo model 1312-02 or equal.

4. CROSSOVER MIRROR — Two (2) 7-1/2 inch cross-over mirrors, one left and one right side.

5. FIRE EXTINGUISHERS — Two (2) each minimum 2-A: 10-BC, one front and one rear.

6. BACK-UP ALARM

ITEM 2 - SCHOOL BUSES: 36/71-passenger chassis

Chassis Minimum Requirements:

1. School bus chassis must meet or exceed all applicable requirements of Federal, State or local statutes or regulations, and must be approved by State Department of Education.

		36/48-Passenger	65/71-Passenger
2.	CHASSIS	GVWR Minimum 15,800 lbs	23,000 lbs.
3.	ENGINE MINIMUM	350 C.I.D.	360 C.I.D.
4.	FRONT AXLE	Minimum 5,056 lbs.	7,500 lbs.
5.	REAR AXLE	Minimum 10,744 lbs.	17,000 lbs.
6.	BRAKES	Air brakes are required on buses designed for a passenger capacity of 65 or more and on all transit-type buses. Four-wheel brakes, adequate at all times to control bus when fully loaded, shall be provided in accordance with Federal Motor Vehicle Safety Standards and the applicable Oregon Motor Vehicle Law. The service brake system shall be designed and constructed so that by application of single control unit, vehicle can be stopped within distances specified below. Stopping distance requirements tests shall be conducted in accordance with SAE 16582 and with vehicle loaded (MGVW-manufacturer's gross vehicle weight).	
7.	TRANSMISSION AUTOMATIC		
8.	FUEL TANK	One each - 60 gallon capacity minimum - right side only. To meet State and Federal requirements for school buses.	
9.	ALTERNATOR	12 volt, 140 amp.	
10.	BATTERY	12 volt, 8D, 209 amp.	
11.	TIRES	All tires shall be of radial-ply construction. (36/48 pax) 8:25 X 20 minimum, to fit 700 rim. (71 pax) 9:00 X 20 minimum, to fit 750 rim. Rear tires to be mud and snow siped tires.	

12. SPRINGS — Progressive type, adequate to support fully-loaded bus with adequate clearance between springs, bumper, and axles.

13. ELECTRICAL — Fixtures and wiring to be protected by circuit breakers.

Body Minimum Requirements:

1. School bus body must meet or exceed all applicable requirements of Federal, State or Local statutes or regulations, and must be approved by State Department of Education.

2. INTERIOR HEIGHT — Minimum 72 inches floor-to-ceiling measured at the aisle.

3. SEAT SPACING — Seating shall comply with seating reference point requirements.

4. SEATS — Seat frames are to be securely fastened to both sidewalls and floor. Seat cushions and back padding to be solid high density foam. Seat and backs to be covered with 42 oz. materials. Seat and back crash pads shall be at least one inch in thickness, covered with the same material as the seats and shall cover entire rear of seat from and including the top rail to seat cushion level. Driver's seat to be bucket type with foam cushion. Seat belt required.

5. FLOOR — Floors shall be covered with a fire resistant rubber with a minimum thickness of .125 inch in the underseat, wheelhousing, and rivet area. Aisle and stepwell shall be covered with a wear-resistent non-skid rubber, with a minimum thickness of .1875 inch, measured from the tops of ribs.

6. WINDOWS & WINDSHIELD — All glass in windshield, windows, and doors shall be of approved safety glass, so mounted that its identification mark is visible, and of a quality to prevent distortion in any direction. All glazing materials shall be on the approved list of the Oregon Motor Vehicles Division. Windshield shall be of safety plate glass AS-1 grade, as specified by American National Standards Institute Safety Code 226.1-1966.

7. HEATERS & DEFROSTERS — Heaters: At least one heater of the hot water type is required in all buses. If only one heater is used, it shall be of fresh air and recirculating type. If more than one heater is used, additional

heaters may be of circulating type. Heaters shall be capable of maintaining an inside temperature of at least 50 degrees Fahrenheit at average minimum January temperatures, as established by United States Weather Bureau for the area in which the heater is used. Where hot water heaters are used, they shall bear name plate rating of School Bus Body Manufacturer's Association Standard Code for Testing and Rating Automotive Bus Hot Water Heating and Ventilating Equipment. Plate to be affixed by heater manufacturer.

Portable heaters may not be used. Heater hoses shall be adequately supported to protect hoses against excessive wear due to vibration and from engine heat. Hoses inside of bus body must have protective shielding to protect driver and passengers from contact with or rupture in a hose. A water shut-off valve shall be provided in an accessible location.

Defrosters: Defrosting equipment shall keep windshield, window to the left of the driver, and entrance door upper windows reasonably clear of fog, frost, and snow, using heat from an approved heater and circulation from fans. All defrosting equipment shall meet U.S. Department of Transportation Safety Standard 103. This provision requires a right front heater and defrosting unit with hot water core for conventional type buses. If auxiliary fans are used, they shall be mounted so as not to interfere with the driver's cone of vision. This normally means as a minimum four heaters: front passenger, rear passenger, driver heater defroster, step-well heater.

8. DOME LIGHTS — Interior dome lights to be flush mounted, the two extreme rear to be controlled by separate switch.

9. SUN VISOR — Minimum 6 x 30 inches.

10. INSULATION — Ceiling and walls shall be insulated with proper materials to deaden sounds and to reduce vibrations and heat transfer. If thermal insulation is used, it shall be fire-resistant material of type approved by Underwriters' Laboratories, Inc.

11. FIRE EXTINGUISHER — Minimum 2-A: 10-BC.

12. FLARE KIT — Set of three triangular type flares meeting DOT Safety Standard 125.

13. DOORS — Body shall be equipped with entrance and escape doors in conformity with State requirements. Body shall be equipped with interior foam padded head guard over entrance door.

14. LIGHTS — Turn signal lamps with 5-1/2 minimum diameter, two rear and two front mounted on body cowl.

Turn indicator on body sides to be mounted as far forward as practical and protected by metal guard.

Eight (8) lamp system, including monitor panel, approved by State Department of Education. Flashing warning lights shall be of a type utilizing standard seat beam unit, colored and protected by a plastic lens with a minimum diameter of seven inches.

15. PAINTING — Exterior surfaces to be finished in National School Bus Yellow Chrome, with Black trim.

16. REAR BUMPER — To be 8" x 3/16" mounted on chassis frame rails and adequately braced at extremities.

Special Features Required By District:

1. Roof vents - static front.
2. Windshield washers.
3. Public address system, two speakers inside -- one weather-proof outside on driver's side.
4. MPH Speedographs - Argo model 1312-02 or equal.
5. Back-Up Alarm.

NOTE: Wheelchair lift and wheelchair restrainer requirements for lift-equipped buses shall be the same as on page 35 except that 36/48-passenger base capacity lift-equipped buses shall have sufficient equipment provided to accommodate five (5) wheelchair positions.

ITEM 3 - SCHOOL BUSES: 88-passenger specifications

Chassis Minimum Requirements:

1. School bus chassis must meet or exceed all applicable requirements of State or local statutes or regulations and must be approved by State Department of Education.

2.	CHASSIS	GVWR MINIMUM 36,200 lbs. for 88-passenger body.
3.	ENGINE	Minimum 466 C.I.D.
4.	FRONT AXLE	Minimum 13,200 lbs.
5.	REAR AXLE	Minimum 23,000 lbs.
6.	BRAKES	Dual, full air "S" cam design. Front brakes shall be 16-1/2" x 6" x 3/4" with 24" chamber minimum. Rear brakes shall be 16-1/2" x 8" x 3/4" with 30" minimum chamber. Air compressor shall be 13 CFM minimum. Wet tank to have air dryer with automatic drain. Emergency brakes to be spring actuated. All brakes and air systems shall meet all current State and Federal standards.
7.	TRANSMISSION	Automatic of proper size and torque rating to match engine output and GVWR.
8.	FUEL TANK	Minimum of 60-gallon capacity with barriers to meet FMVSS #301.
9.	ALTERNATOR	160-AMP Minimum.
10.	BATTERY	12-volt, 8D, 220-AMP Minimum.
11.	TIRES	All tires shall be of radial-ply construction of proper size and ply rating to match GVWR. Rear tires to be mud and snow siped tread.
12.	SPRINGS	Two-stage progressive with variable rate to meet or exceed GVWR.
13.	ELECTRICAL	All fixtures and wiring to be protected by circuit breakers.

Body Minimum Requirements:

1. School bus body must meet or exceed all applicable requirements both State and Federal and must be approved by State and Department of Education.

2. Minimum 72 inches floor-to-ceiling measured at the aisle.

3. SEAT SPACING — Seating shall comply with seating reference point requirements.

4. SEATS — Seat frames are to be securely fastened to both sidewalls and floor. Seat cushions and back padding to be solid high-density foam. Seat and backs to be covered with 42 oz. materials. Seat and back crash pads shall be at least one inch in thickness, covered with the same material as the seats and shall cover entire rear of seat from and including the top rail to seat cushion level. Driver's seat to be bucket-type with foam cushion. Seatbelt required.

5. FLOOR — Floors shall be covered with a fire-resistant rubber with a minimum thickness of .125 inch in the underseat, wheelhousing, and rivet area. Aisle and stepwell shall be covered with a wear-resistant non-skid rubber, with a minimum thickness of .1875 inch, measured from the tops of ribs.

6. WINDOWS & WINDSHIELDS — All glass in windshield, windows, and doors shall be of approved safety glass, so mounted that its identification mark is visible, and of a quality to prevent distortion in any direction. All glazing materials shall be on the approved list of the Oregon Motor Vehicles Division. Windshield shall be of safety plate glass AS-1 grade, as specified by American National Standards Institute Safety Code 226.1-1966.

7. HEATERS & DEFROSTERS — 90,000 BTU minimum right-hand front; to provide defrosting for windshield, entrance door and driver's-side window. To be equipped with two-speed fan motors. 80,000 BTU minimum rear with dual two-speed fan motors. Electric booster water pump required for rear-most heater. Water control valve to be located in driver's compartment.

8. DOME LIGHTS — Two rows; flush-mounted dome lights required with a separate switch for rear lights.

9. SUN VISOR — Minimum 6 x 30 inches.

10. INSULATION — Ceiling and wall shall be insulated with proper materials to deaden sounds and to reduce vibrations and heat transfer. If thermal insulation is used, it shall be fire-resistant material of type approved by Underwriters' Laboratories, Inc.

11.	FIRE EXTINGUISHER	Minimum 2A: 10-BC.
12.	FLARE KIT	Set of three triangular-type flares meeting DOT Safety Standard 125.
13.	DOORS	Body shall be equipped with entrance and escape doors in conformity with State requirements. Body shall be equipped with interior foam padded head guard over entrance door.
14.	LIGHTS	Turn signal lamps with 5-1/2" minimum diameter, two rear and two front mounted on body cowl. Turn indicator on body sides to be mounted as far forward as practical and protected by metal guard. Eight (8) lamp system, including monitor panel, approved by State Department of Education. Flashing warning lights shall be of a type utilizing standard seat beam unit, colored and protected by a plastic lens with a minimum diameter of seven (7) inches.
15.	PAINTING	Exterior surfaces to be finished in National School Bus Yellow Chrome, with Black trim.
16.	REAR BUMPER	To be 8" x 3/16" mounted on chassis frame rails and adequately braced at extremities.

Special Features Required By District:

1. Roof vents - Static front and rear.
2. Windshield washers.
3. Public address system, two speakers inside, one weatherproof speaker on outside of bus.
4. MPH speedograph - Argo model 1312-02 or equal.
5. Back-Up Alarm.

EXHIBIT B

TRANSPORTATION SERVICES AGREEMENT

between

_____

and

PORTLAND SCHOOL DISTRICT NO. 1

THIS AGREEMENT is entered into on the _____ day of _____, 19 ___, between SCHOOL DISTRICT NO. 1, MULTNOMAH COUNTY, OREGON, (District) and _____ at _____ _____, _____, (Contractor).

1. Contractor shall, during the school years 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92, furnish all equipment, personnel, facilities, and services necessary for

TRANSPORTATION OF PUPILS FOR THE SCHOOL YEARS
1987-88, 1988-89, 1989-90, 1990-91 and 1991-92

in accordance with the Contract Documents.

2. Contractor shall comply strictly and literally with every term and condition set forth in the contract documents within the time therein specified. Contractor also shall comply with all applicable laws and governmental regulations, whether or not specifically mentioned in the contract documents, and in particular with the conditions and

requirements of ORS 654,305 to 654,335. The terms "Contract" and "Contract Documents" as used herein, shall mean this agreement, school calendar, the specifications with addenda thereto, and Contractor's Bid, all of which are attached hereto as Exhibits, and by this reference incorporated.

3. District shall pay to Contractor, for performance of the Contract, the prices that are set forth on Contractor's Bid.

Payments to Contractor shall be made at the times, in the manner and amounts, upon the conditions, and subject to any proper deductions, all set forth in the Contract Documents.

4. The rights and remedies conferred upon District by the Contract Documents, are, in addition to all rights and remedies, otherwise available at law or in equity or in any special proceeding. All said rights and remedies shall be deemed to be cumulative, and the exercise of any one shall not preclude the exercise of any other, and failure by District to exercise any right or remedy for any period of time shall not constitute a waiver of the same while such default or breach continues, nor shall be waiver of any such right or remedy constitute a waiver of any succeeding default or breach of the same of any term or condition. In the event of litigation of the Contract Documents, the prevailing party shall be entitled to reasonable attorney fees as determined by the court. All litigation arising out of this Contract and initiated by a party hereto shall be brought in the Circuit Courts for the State of Oregon.

5. Conditions precedent to this contract are execution by Contractor and by District, filing with District the bond and certificates of insurance called for by the specifications, and their acceptance by District.

6. This contract is the total integration of all the agreements of the parties and supercedes all negotiations, documents, understandings and representations.

IN WITNESS WHEREOF School District No. 1, Multnomah County, Oregon, and the Contractor have executed this agreement as of the first hereinabove written.

SCHOOL DISTRICT NO. 1
MULTNOMAH COUNTY, OREGON

Approved as to form:

By _____
Staff Attorney

By _____
Chairperson, Board of Directors

By _____
Deputy School Clerk

_____
District

By _____
Authorized Signature

_____
Title Contractor

EXHIBIT C

NOTICE TO CONTRACTORS

(To be forwarded to Contractor's insurance carrier)

Contractor must furnish a policy of public liability insurance, including property damage, covering all the work to be performed under that certain contract with School District No. 1 authorized by Board Resolution No. _____. The limits of liability under said policy are to be not less than $_____/$_____ for bodily injuries, including death, and $_____ for property damage, or a single limit policy of not less than $_____.

The policy shall bear also the following endorsement:

"Without prejudice to coverage otherwise existing herein, School District No. 1 and all other governmental bodies having jurisdiction in the area, their officers and employees are included as additional insureds under this policy as to any claim or claims for injury to person(s), including death, or damage to property, resulting from or growing out of the Work by, or on behalf of, the named insured under contract with School District No. 1 for _____

_____

_____

"This policy shall not terminate or be cancelled prior to completion of said contract without first giving thirty (30) days' written notice of intention to cancel or to terminate said policy to the Deputy Clerk of School District No. 1.

"Notwithstanding the naming of additional insureds, the said policy shall protect each insured in the same manner as though a separate policy had been issued to each; but nothing herein shall operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the insurer would have been liable if only one person or interest had been named as insured.

"This policy shall be primary insurance and exclusive of any insurance carried by the District and the insurance evidenced by the certificate shall be exhausted first, notwithstanding the fact that the District may have other valid and collectible insurance covering the same risk."

A certificate evidencing such insurance together with the above endorsement shall be filed with the Deputy Clerk of School District No. 1 and shall be subject to the approval of the Staff Attorney as to the adequacy of protection to the District.

EXHIBIT D

CONTRACTOR SHALL PROVIDE THE FOLLOWING INFORMATION
PRIOR TO OR AT BID OPENING, UNDER SEPARATE, SEALED COVER

PORTLAND SCHOOL DISTRICT
PORTLAND, OREGON

PUBLIC TRANSPORTATION PROPOSALS
RESPONSIVENESS QUESTIONNAIRE/SUBMITTAL CHECKLIST

INSTRUCTIONS TO BIDDERS:

The information provided herein will be used to determine whether Bidder has the capability and expertise to provide pupil transportation services. The questionnaire must be filled out accurately and completely. Any errors, omissions, or fraudulent information may be considered as a basis for the rejection of the Bid and may be grounds for the cancellation of any subsequent agreement executed as a result of the Bid or Bids involved. The information contained in the questionnaire will remain confidential.

NOTE: IF INFORMATION IS ATTACHED, PLEASE SIGN EACH PAGE AND IDENTIFY THE QUESTION TO WHICH YOU ARE RESPONDING.

		THIS COLUMN FOR DISTRICT USE ONLY
I.	GENERAL BUSINESS HISTORY	
A.	Name of Business.	Yes ____ No ____
B.	Is the above-named business a subsidiary of larger business organizations? Yes ____ No ____ If yes, please provide the name and address of the parent organizations and the names of all owners or officers of such parent entities.	Yes ____ No ____
C.	Type of organization (i.e., sole proprietorship, partnership, corporation). Include a brief narrative history of the business and business operations.	Yes ____ No ____
D.	Name(s) of principals (i.e., owner or partners, corporate officers, managerial personnel). Provide a resume of managerial personnel primarily responsible for pupil transportation to be provided under the requested pupil transportation proposal.	Yes ____ No ____

THIS COLUMN FOR DISTRICT USE ONLY

E. Have you or any of your principals declared bankruptcy, been ordered into involuntary bankruptcy or receivership in any business operations at any point over the last fifteen (15) years? Yes ____ No ____ If yes, please provide details as to where and when and the current status of such matters. Yes ____ No ____

F. Is your company, any of its principals, or key managerial personnel currently involved in any criminal investigation, or persecution or civil litigation arising out of business operations, antitrust or other governmental litigation or investigation? Yes ____ No ____ If yes, please provide details as to each such matter. This does not include minor traffic accidents. Yes ____ No ____

II. PUPIL TRANSPORTATION EXPERIENCE

A. Has the company or any of its officers, principals, or key managerial personnel been involved previously in providing pupil transportation services to any school district in the last three (3) years? Yes ____ No ____ If yes, please provide the following information for each such activity: Yes ____ No ____

1. The name and location of each school district over 100 buses for which pupil transportation services have been provided. Describe type of operations, i.e., full- or part-time service, etc. Yes ____ No ____

2. The period of time over which such services were provided for each such school district. Yes ____ No ____

3. The number of buses and employees involved in each such contract operation. Yes ____ No ____

4. If a performance bond was required, the amount of the performance bond in each case and the name and address of the company through which the bond or bonds were obtained. Also, if any performance bond was ever cancelled by the bonding company, please provide an explanation as to the circumstances involved in such cancellation. Yes ____ No ____

THIS COLUMN FOR DISTRICT USE ONLY

5. If liability insurance was required for the performance of any of the pupil transportation operations, the name of the insurance carrier providing such coverage, the amount of coverage required and whether or not such insurance was ever cancelled by the carrier. If such insurance was ever cancelled, please provide an explanation as to such cancellation. Yes ____ No ____

6. Provide bus accident loss and bus breakdown ratios for last three (3) years. Yes ____ No ____

7. For each school district, the name, address and telephone number of the school district employee who was primarily responsible for supervision of the pupil transportation services provided by you or your company. Yes ____ No ____

8. Have you ever failed to complete a contract for provision of pupil transportation services? Yes ____ No ____ If yes, please provide details as to each such situation. Yes ____ No ____

9. Has a school district ever attempted to rescind or otherwise terminate a contract with you for pupil transportation services? Yes ____ No ____ If yes, please provide details as to each such situation. Yes ____ No ____

III. ADDITIONAL MATERIAL

A. How do you intend to provide for required vehicles and facilities called for in the Contract? Yes ____ No ____

B. How do you intend to provide required vehicle maintenance under the contract? Yes ____ No ____

C. Briefly describe the essential features of your formal, scheduled, preventative maintenance program. Yes ____ No ____

D. Specify your manpower on mechanic allotment schedule (i.e., number of buses per mechanic, etc.). Yes ____ No ____

THIS COLUMN FOR DISTRICT USE ONLY

E. Describe qualifications and experience requirements for your mechanical personnel. Yes ____ No ____

F. Please indicate your company's proposed starting salary and wage scale for drivers for the 1987-88 school year. Explain in detail any additional wage incentive plan which you anticipate using. Yes ____ No ____

G. Please describe in detail your company's proposed procedures for attracting, screening, and hiring employees. Attach a copy of any application form which you anticipate using. Yes ____ No ____

H. The District desires that driver turnover be kept to a minimum. Please indicate in detail steps which your company will take to keep turnover to a minimum. Yes ____ No ____

I. Please list any other factors or conditions that you believe should be considered by the School District in evaluating your proposal for provision of pupil transportation services. Yes ____ No ____

_____
SIGNATURE

_____
NAME, TITLE OF SIGNER

_____
COMPANY NAME

EXHIBIT E

FUEL FLEET AVERAGES

Contractor states that of the total number buses required for each capacity, he will have available by August 15, 1987, and throughout the contract period of the following percentages of buses using the fuel indicated---

CAPACITY/FUEL	73/88	65/71	36/48 (w/5 WC)	20	20 (w/3 WC)
Diesel	100%				
Propane		100%	100%	100%	100%
	100%	100%	100%	100%	100%

Contractor states that his fuel averages during the contract will be as follows:

Fuel fleet average: Diesel _____ MPG
Propane _____ MPG

FMPG by bus size:

	73/88	65/71	36/48 (w/5 WC)	12/20	20 (w/3 WC)
Diesel	_____%				
Propane		_____%	_____%	_____%	_____%

APPENDIX E

SAMPLE PUPIL TRANSPORTATION CONTRACT AND EXTENSION OF CONTRACT FORM

County_____

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
BUREAU OF EDUCATIONAL MANAGEMENT SERVICES
ALBANY, NEW YORK 12230

SBM 11-12

☐ Check If Handicapped Pupils Only

TRANSPORTATION CONTRACT

THIS AGREEMENT made this _____ day of _____ 19_____,

by and between_____
(Name of school district or BOCES)

County of _____N.Y., *party of the first part*, and _____
(Contractor)

party of the second part

Witnesseth. That whereas *party of the first part* is duly empowered* to enter into a contract for the purpose of providing transportation for children of said district for the period of service to begin

_____, 19_____ and to end _____, 19_____
[*Mo.* *Day* *Yr.*] [*Mo.* *Day* *Yr.*]

Now, Therefore, The said *party of the first part* hereby agrees to pay to the said *party of the second part* the sum of $_____ for conveying approximately _____ (grades K-12) pupils, residing along the route hereinafter designated or the highways tributary thereto, in a suitable conveyance: such sum to be paid as follows:_____
_____ (Total Anticipated Annual Cost $_____)

And the *party of the second part* hereby further covenants with the *party of the first part* as follows:

1. That transportation will be provided as set forth herein from:

Starting place _____a.m _____
[*Route to be followed*]

_____

_____

_____

Unloading point[1]_____at_____a.m.

Leaving school at _____p.m. End of route_____at_____p.m., a total daily mileage for this district of approximately _____ miles [Include Deadhead].[2]

2. That the conveyance(s) used will be as follows: [*If space is insufficent, list on separate sheet.*]

Check One		*Pupil Seating Capacity*	*Manufacturer's Name*	*Year*
Private Owned	District Owned			

3. That said party of the second part will at all times carry insurance as follows:

Public Liability_____	Minimum_____	Maximum
Property Damage_____	Minimum_____	Maximum

PREMIUMS ON SUCH INSURANCE SHALL BE PAID BY CONTRACTOR[3]

And the *party of the second part* further covenants with the *party of the first part* that in consideration of the payments hereinbefore stated and of the covenants and agreements set forth that said school children will be conveyed safely, that said duties and obligations in relation thereto pursuant to this contract will be faithfully performed, at all times exercising proper supervision over said children and that said *party of the second part* will abide by all reasonable rules and regulations and that the driver will be at least 21 years of age and duly licensed and that said driver will be currently approved by the chief school administrator.

And the *party of the second part* further covenants and agrees that the vehicle shall come to a full stop before crossing the tracks of any railroad and before crossing any State highway, and that it shall at all times comply with the rules and regulations of the Department of Transportation applying to such vehicles.

It is mutually agreed that this contract shall not become valid and binding upon either party thereto until the same shall be approved by the superintendent and the Commissioner of Education.

---

* See sections 1604, 1709, 2021, 2503, 4401, and 4402 of the Education Law.

[1] If transportation is to be provided to a school outside the district, give the name of such school; if transferred to another bus, give place where transferred.

[2] Show the actual total mileage traveled by the bus(s), over the schoolbus route established by the Board of Education. Include mileage to and from the route on the first and last a.m. and p.m. trips. If it is a multiple route, the total daily mileage should be given as that mileage which would be required if the district provided its own transportation independent of any other district.

[3] Under section 370 of the Vehicle and Traffic Law insurance policies are required to be filed with the Commissioner of Motor Vehicles on motor vehicles used in transporting pupils.

This contract or any right, title or interest therein may not be assigned by the *party of the second part* without the previous consent in writing of the *party of the first part*.

This contract shall be void and of no effect unless the *party of the second part* shall comply with all applicable provisions of the Workmen's Compensation Law in respect to employees engaged in the performance of this contract. The *party of the second part* will comply with the Labor Law.

"The contractor hereby consents to an audit of any and all financial records relating to this contract by the department of audit and control."

"The contractor further agrees to provide to the board of education, trustee(s), or the Commissioner of Education, upon request, any information relating to this contract including financial data."

In Witness whereof, The parties have set their hands the day and year above written.

[Trustee or president of board of education[1]] (Party of first part) [Post office address]

[Contractor[1]] (Party of the second part) [Post office address]

APPROVAL OF SUPERINTENDENT

I have examined the above contract and find that it is correct in every detail. This contract conforms with the applicable provisions of the State Education Law.* I therefore approve the same.

[*Dated*]---------- ----------

[Superintendent of schools or designee]

[1] Signature required for school districts, either as the party of the first part, or as the party of the second part:
For Board of Education, President
For Three Trustee Districts, chairman
For Sole Trustee District, trustee only

* See sections 305, 3625, and 3635 of the Education Law

State aid will be computed on account of this contract in accordance with the total sum specified. Any expenditure in excess of this total sum will not be considered in computing State aid. For school districts eligible for transportation aid, no aid shall be allowed for a period greater than 30 days prior to the filing of the contract in accordance with section 3625 of the State Education Law.

MINIMUM STATUTORY INSURANCE REQUIREMENTS as provided in section 370 of New York State Vehicle and Traffic Law must be complied with.

FOR MORE THAN ONE-YEAR CONTRACTS, ATTACH COPY OF RESOLUTION ADOPTED BY THE VOTERS WHICH AUTHORIZED THE BOARD OF EDUCATION TO ENTER INTO A TERM CONTRACT.

ADVERTISING

[*For advertising requirements see section 305, subdivision 14, State Education Law*]

If advertising was necessary, please give the following information:

1. Place of bid opening---------- Date of bid opening----------
2. Tabulation of bids (Name) / Amount of bid

1----------		3----------	
2----------		4----------	

[If no bids are received, it is necessary for the district to readvertise.]

3. If contract is not awarded to the lowest bidder, state reasons why. Give detailed and complete reasons on separate sheet and attach to this contract.
4. Attach Affidavits of Publication which you can secure from the newspapers. Also, attach one printed copy of each Notice to Bidder which appeared in the papers. If detailed specifications were used, kindly forward copy.

After endorsement by the superintendent of schools or designee, forward TWO copies to the Bureau of Educational Management Services no later than 30 days after the first day of service.

88-8312

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
BUREAU OF EDUCATIONAL MANAGEMENT SERVICE
ALBANY, NEW YORK 12230

EXTENSION OF CONTRACT FOR PUPIL TRANSPORTATION

An original agreement having been made on _____ (Date) by and between _____ (Name of School District or BOCES), County of _____, N.Y. party of the first part, and _____ (Contractor), party of the second part, under and pursuant to the provisions of Section 1709, subdivision 27 of the Education Law, for the period commencing _____, and ending _____ in the amount of $_____ (lump sum) or $_____ (unit cost).*

Now, THEREFORE, pursuant to the provisions of Section 305, subdivision 14 of the Education Law and Section 156.5 of the Regulations of the Commissioner of Education, the parties hereto mutually agree to extend the agreement for a period commencing _____ (Mo. Day Yr.) and ending _____ (Mo. Day Yr.).

IT IS FURTHER agreed that for services rendered during the period of this extension, the party of the first part shall pay the party of the second part the total annual sum of $_____ (if lump sum contract) or $_____* if on a per-bus, per-pupil, or per-mile basis, determined as follows (show computation in detail):

All of the other items of said agreement shall remain in full force and effect,

The first day of service shall be _____.

Total anticipated annual cost _____ Total daily mileage _____

IN WITNESS WHEREOF, the parties hereto have executed this extension of agreement this _____ day of _____ 19____.

_____
Party of the First Part
(Trustee or President of Board of Education)

_____
Party of the Second Part
(Contractor)

APPROVED:

Dated _____

(Signed _____
Superintendent of Schools or Designee

* Use same terminology as in original contract

After endorsement by the superintendent of schools or designee, forward TWO copies to the Bureau of Educational Management Services no later than 30 days after the first day of service.

§156.5 Annual Extensions of Transportation Contracts

a. Annual extensions of contracts shall be prepared on forms prescribed by the Commissioner; such extensions shall be filed with and approved by the Commissioner and are subject to all laws, rules and regulations pertaining to the filing of transportation contracts.

b. Only contracts awarded in accordance with the competitive bidding requirements of subdivision 14 of Section 305 of the Education Law may be extended.

c. Annual extensions of fixed-price contracts, contracts based upon unit rates, such as per bus, per-pupil, or per-mile, and contracts based upon a combination of a fixed price and unit rate may provide for increases in such fixed prices and/or unit rates not to exceed the contractual amount paid in the preceding year by more than the increase in the regional consumer price index for the 12-month period ending on May 31st immediately preceding the commencement of the contract extension.

d. Each district proposing to extend a contract shall file with the Commissioner satisfactory evidence of the increase in the cost of the contractor's operation during the 12-month period immediately preceding the month in which the contract terminates.

APPENDIX F

SAMPLE EQUIPMENT LEASE-PURCHASE AGREEMENT

EQUIPMENT LEASE-PURCHASE AGREEMENT

This Equipment Lease Purchase Agreement is made this _____ _____, by and between _____ _____, herein called "Lessor" and the County of Chesterfield, Virginia, a political subdivision of the Commonwealth of Virginia, P. O. Box 40, Chesterfield, Virginia, 23832, herein called "Lessee".

For and in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the Equipment described in Schedule A, attached hereto and incorporated by reference herein, (the "Equipment") in accordance with the terms and conditions of this Equipment Lease-Purchase Agreement ("Lease").

1. Term. This lease will become effective upon execution by both parties. The term of this lease unless earlier terminated as expressly provided for in this lease will continue until _____.

2. Rent. Lessee agrees to pay to Lessor or its assignee the Lease Payments (herein so called) equal to the amounts specified in Exhibit B, attached hereto and incorporated by reference herein. The lease payments will be payable without notice or demand at the Office of the Lessor (or at such other place as the Lessor or its assignee may designate in writing), and will commence on the first Lease Payment date as set forth in Exhibit

B and thereafter on the dates set forth in Exhibit B. Any payments received later than fifteen (15) days from the due date will include a late charge of 5% of the payment. It is Lessee's intent to make Lease Payments for the full Lease Term, subject to the provisions of Section 5, if fund are legally available therefor and Lessee represents that the use of the Equipment is essential to its proper, efficient and economic operation.

3. Delivery and Acceptance. Lessee, or if Lessee so requests, Lessor, will cause the Equipment to be delivered to Lessee at the location specified in Exhibit A ("Equipment Location"). If the Equipment is delivered in good condition and as represented by Lessor, Lessee will evidence its acceptance of the Equipment by executing and delivering to the Lessee a Delivery and Acceptance Certificate.

4. Disclaimer of Warranties. Lessee acknowledges and agrees that the Equipment is of a size, design and capacity selected by Lessee, that Lessor is neither a manufacturer nor a vendor of such equipment, and that Lessor has not made, and does not hereby make any representation, warranty, or covenant, express or implied, with respect to the merchantability, condition, quality, durability, design, operation, fitness for use, or suitability of the equipment in any respect whatsoever or in connection with or for the purposes and uses of Lessee, or any other representation, warranty, or covenant of any kind or character, express or implied with respect thereto. Lessor hereby assigns to Lessee during the Lease Term, so long as no Event of Default has occurred hereunder and is continuing

all manufacturer's warranties, if any, expressed or implied with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense.

5. Non-appropriation of Funds. Lessee shall be deemed in default under paragraph 16 in the event no funds or insufficient funds are appropriated and budgeted in any fiscal period for Lease payments due under this Lease. The Lessee will promptly notify the Lessor or its assignees of such occurrence and this Lease shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to the Lessee of any kind whatsoever. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor or to its assignee on the date of such termination, at the Equipment Location. Lessor shall have all legal and equitable rights and remedies to take possession of the Equipment. This paragraph will not be construed so as to permit Lessee to terminate this Lease in order to acquire any other equipment to perform essentially the same application for which the Equipment is intended.

6. Certification. Lessee agrees that (i) it will do or cause to be done, all things necessary to preserve and keep this Lease in full force and effect, subject to the other conditions of this Lease; (ii) it has complied with the Virginia Procurement Act; and (iii) it has sufficient appropriations available to pay all amounts due hereunder for the current fiscal period.

7. Title to Equipment. Upon acceptance of the Equipment by Lessee, title to the Equipment will remain in the name of the Lessor.

8. Use; Repairs. Lessee will use the Equipment in a careful manner for the use contemplated by the manufacturer for the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating thereto. Lessor, at its expense, will keep the Equipment in good repair and furnish all parts, mechanisms and devices required therefore, except for tire replacement, gasoline and oil, which shall be responsibility of Lessee.

9. Alterations. Lessee will not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, unless such alterations, additions or improvements may be readily removed without damage to the Equipment.

10. Taxes and Licenses. Lessor shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, possession or use of the Equipment, as they may apply to this transaction. Lessor shall be responsible for state and local license fees and tags, as well as any personal property taxes on the Equipment.

11. Risk of Loss; Damage; Destruction. Other than mechanical repairs covered in paragraph 8, Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment nor unfitness or obsolescence thereof shall

relieve Lessee of the obligation to make Lease Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment other than repairs made in paragraph 8, Lessee will immediately place the same in good repair with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee at the option of Lessor will either (a) replace the same with like equipment in good repair; or (b) on the next Lease Payment date, pay Lessor: (i) all amounts then owned by Lessee to Lessor under this Lease, including the Lease Payment due on such date; and (ii) an amount equal to the applicable Concluding Payment set forth in Exhibit B. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor will provide Lessee with the pro-rata amount of the Lease Payment and the Concluding Payment to be made by lessee with respect to the Equipment which has suffered the event of loss.

12. Insurance. Lessee will, at its expense, maintain at all times during the Lease Term, appropriate fire and extended coverage, public liability and property damage insurance for all claims or losses which arise during the Lease Term and which are covered under the County's self-insurance program or by coverage purchased from a commercial insurance company.

13. Assignment. Without Lessor's prior written consent, Lessee will not either (i) assign, transfer, pledge, hypothecate or otherwise dispose

of this Lease or the Equipment or any interest in this Lease or Equipment; or (ii) sublet or lend the Equipment or permit it to be used by anyone other than Lessee or Lessee's employees. Lessor may assign its rights, title and interest in and to this Lease, the Equipment and any documents executed with respect to this Lease and/or grant or assign a security interest in this Lease, in whole or in part. Any such assignees shall have all of the rights of Lessor under this Lease. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Upon assignment of Lessor's interests herein, Lessor will send written notice of such assignment to Lessee which will be sufficient if it discloses the name of the assignee and address to which further payments should be made. No further action will be required by Lessor or by Lessee to evidence the assignment, but Lessee will acknowledge such assignment in writing if so requested.

14. Event of Default. The term "Event of Default" as used herein, means the occurrence of anyone or more of the following events: (i) Lessee fails to make any Lease Payment as it becomes due in accordance with the terms of the Lease, and any such failure continues for fifteen (15) days after the due date thereof; (ii) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof; (iii) the discovery by Lessor that any

statement or representation made by Lessee in this Lease or in writing delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect.

15. Remedies. Upon non-appropriation under paragraph 4 or upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies: (i) by written notice to the Lessee, request Lessee to (and Lessee agrees that it will) at Lessee's expense, promptly return the Equipment to Lessor in the manner set forth in paragraph 4 hereof, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same; and (ii) exercise any other right, remedy or privilege which may be available to it under applicable laws of the Commonwealth of Virginia or proceed by appropriate court action to enforce the terms of this Lease or to rescind this Lease as to any or all of the Equipment.

16. Purchase Option. Upon thirty (30) days prior written notice from Lessee to Lessor, and provided that there is no Event of Default. Lessee will have the right to purchase the Equipment on the Lease Payment dates set forth in Exhibit B by paying to Lessor, on such date, the Lease Payment then due together with the Concluding Payment amount set forth opposite such date. Upon satisfaction by Lessee of such purchase conditions, Lessor will transfer any and all of the right, title and interest in the Equipment to Lessee, as is, without warranty, expressed or implied,

except that the Equipment is free and clear of any liens created by Lessor.

17. Notices. All notices to be given under this Lease shall be made in writing and mailed by first class mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to mailing.

18. Nondiscrimination Clause Applicable to Lessor's Activities in Virginia. During the performance of this lease, the Lessor agrees as follows: (i) the Lessor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bonafide occupational qualification reasonably necessary to the normal operation of the Lessor. The Lessor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause; (ii) the Lessor, in all solicitations and advertisements placed by or on behalf of the Lessor, will state that such Lessor is an equal opportunity employer; (iii) notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purposes of meeting the requirements of this section; (iv) the Lessor shall include the provisions of foregoing subparagraphs i, ii, and iii in every subcontract or purchase order over

$10,000.00 so that the provisions will be binding upon every subcontractor or vendor.

19. Governing Law. This Lease shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

20. Delivery of Related Documents. Both parties will execute or provide, as requested by the other, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Lease.

21. Entire Agreement; Waiver. This Lease, together with the Delivery and Acceptance Certificate and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment and this Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease. The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach thereof.

In Witness Whereof, the parties have caused this Lease to be executed as of this ____ day of _____, 19___.

LESSOR:

By:_____

LESSEE:
COUNTY OF CHESTERFIELD, VIRGINIA

By:_____

Approved as to form:

_____
Assistant County Attorney

gmw561:85G14